

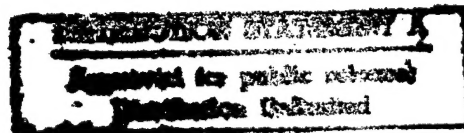
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14 July 1982

WEST EUROPE REPORT

No. 1997

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BRIEFS

BIGGEST WASTE-HEAT PROJECT--Denmark's biggest waste-heat project now becomes a reality in the triangular area of Fredericia, Vejle and Kolding. The project is expected to cost a total of 1.3 billion kroner, and it will be started in 1983. Yesterday, Energy Minister Poul Nielson and the mayors of Fredericia, Vejle, Kolding, Børkop and Middelfart reached an agreement to use the waste heat from Skærbækværket [Skærbæk Power Station], Superfos and the Shell Refinery at Fredericia for heating the five towns. The project will provide employment for approximately 5,000 people. Agreement was also reached on the distribution of the costs. After the establishment of a joint planning company, the costs of the large transmission cables--totalling 386 million kroner--will be distributed with 43 percent for Vejle, 31 percent for Kolding, 11 percent for Middelfart, 10 percent for Fredericia, and 5 percent for Børkop. Fredericia will get off cheaply because the town already today uses a large part of the surplus heat from the Superfos factory in the town. The distribution network to the individual homes and apartment buildings will cost a total of 800 million kroner, which the five municipalities will have to invest themselves. At the same time, it will cost approximately 100 million kroner to alter the equipment at Superfos, Skærbækværket and the refinery so that they will be able to send the waste heat to the five towns. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 9 Jun 82 p 5] 7262

CSO: 3106/130

FIRM STARTING TESTING OF WAVE ENERGY OFF GOTEBOG

Stockholm DAGENS NYHETER in Swedish 8 Jun 82 p 48

[Article by Peter Sandberg]

[Text] An orange plastic box about the size of a herring box with a bent tube releasing a stream of water and three yellow buoys several hundred meters south of the Vinga lighthouse.

This is all there is to see of Svenska Varv's wave power plant project. It looks insignificant, but it is a sensation in energy technology.

"We will be able to sell electricity for less than 20 ore per kilowatt-hour," project leader Anders Markstedt said without hesitation.

For several years wave power had not looked promising. Previous experiments indicated that the cost would be several kronor per kilowatt-hour. A rule of thumb is that all new energy production concepts providing a price below 1 kronor/kWh are of interest.

Thus, wave power was not particularly interesting and after an examination last fall it was decided in Sweden that appropriations for wave power research would be reduced.

Rubber Hose

But if Svenska Varv and Technocian of Goteborg are correct, this decision was premature. Wave power is alive, in part because of an ingenious Swedish invention in the form of a rubber hose--the so-called petropump.

The petropump has nothing to do with petroleum, but rather the name is derived from the inventors Jan Persson and Per Fredrik Troften. The first letters in their last names are combined to form "petro."

The principle is simple. A length of rubber hose is reinforced with spiral-shaped steel wires. If this is done properly, the internal volume shrinks when the hose is pulled.

If a clack valve is inserted in each end and it is placed in water, it acts as a pump when pulled. The inventors received a prize for their discovery in 1977.

So far, it has been used mostly in wells in developing countries.

Wear-Resistant

The petropump is efficient, wear-resistant, and requires an extremely narrow bore hole, which permits the use of light drilling equipment. It is one of about 10 types approved by the World Bank for special investments during the eighties--the decade during which the world will strive to provide water for everyone.

Svenska Varv now owns the patent on this pump and is attempting to develop it in various directions. One of the areas of interest is wave power, in which the company has invested about 1 million kronor.

"The difficulty has been to produce a hose of sufficiently high quality. Several giant rubber companies throughout the world were unsuccessful, but now two manufacturers have been found. We have two sizes--one about 10 cm and one with an inner diameter of 21 cm and an outer diameter of 28 cm," Anders Markstedt said.

This hose can be used to construct wave power plants. The process is extremely simple. The hose is secured to a mooring at the bottom and a buoy is placed at the surface.

The waves then pull on the hose and the pump begins to work. The water is led to a turbine which drives a generator, forming a power plant.

To construct a "real" power plant several thousands buoys are used in a region of strong waves.

Maintenance-Free

"These hoses can withstand extremely high pressure, up to 15 bar, i.e. a pressure equal to that of a 150-meter water column. This means that turbines with small outer dimensions can be used," Lennart Claesson of Technocean said.

This type of wave power has many promising characteristics. The facilities are cheap, they are simple and maintenance-free, gradual expansion is possible, and no large investment are needed before the first power is generated. A nuclear power plant or a hydroelectric plant, on the other hand, must be completely finished before the first kilowatt is produced.

"In addition, this arrangement is both a power plant and mooring in one, which is important in the Atlantic where mooring costs often are extremely high," Lennart Claesson pointed out.

On Monday the first wave power plant was placed in the ocean near Vinga off Goteborg. It consists of a buoy that is moored under the surface of the water.

"This device merely pumps water to a test buoy on the surface and it will be used to demonstrate that the system can be used under Swedish conditions by going under the surface," Anders Markstedt said.

Turbine on Vinga

Later this summer three buoys connected in series will be placed near Vinga and they will pump water to a small turbine on Vinga. At that time the large new hose will be used.

"It is something of a sensation for a company to promise a price of 20 ore/kWh, but it actually is quite close to the estimates for various systems we made in 1977," said Prof Curt Falkemo of Chalmers Institute.

He has presented the idea of constructing a pilot plant for wave power near Gotland, an idea that has drawn international attention.

"The Baltic Sea may be used as a 'model ocean' for the Atlantic, for example, so this may be of interest to other nations as well," Curt Falkemo said.

9336

CSO: 3109/185

FRG COMMERCE GROUP SAYS FRENCH WANT PROTECTIONIST MEASURES

Paris LES ECHOS in French 12 May 82 p 6

[Article: "In the Federal Republic of Germany Exporters Are Confident But Concerned About Protectionist Tendencies"]

[Text] This year, West German exports will be maintained, although it is probable that they will increase at a slower rate than in 1981 when they totaled DM 397 billion (up 13.3 percent). This is the conclusion of a poll by the DIHT [FRG Federation of Chambers of Commerce and Industry] among the 45 West German Chambers of Commerce abroad.

Prospects differ according to the countries concerned. Thus, sales of German products in Britain, Spain and France should continue to increase sharply. In 1981 they totaled DM 84.4 billion, 13.1 percent more than in 1980. Little change is expected as far as Austria, Switzerland and Belgium are concerned. A slight increase, essentially less than in 1981, may occur in exports to Italy, whereas exports slated for the Netherlands may see a drop.

The DIHT is optimistic regarding German sales in Canada but uncertain about those in the United States, where the Germans do not expect their exports to be above those of 1981 when they totaled DM 26 billion. To a large extent, everything will depend on the evolution of the American economy and the exchange rate of the U.S. dollar with other currencies.

But the relative optimism of FRG exporters is still colored by certain fears. Franz Schoser, an official of the DIHT stated that German exports abroad are in the longer term subject to a series of risks the most significant of which is the protectionist tendencies in various countries.

First of all, in France Cornel Renfert, general secretary of the French-German Chamber of Commerce, was clear on the issue when he stated: "There is no doubt that the French Government would like to take protectionist measures to check France's foreign trade deficit," before specifying, however, that Paris will avoid violating EEC regulations directly.

He feels, nevertheless, that France is "indirectly hindering" the free flow of goods within the EEC "by applying customs regulations in stricter fashion

than the previous administration and in an often annoying manner." Cornel Renfert also denounced the various sectoral plans approved by Paris (textiles, furniture, leather, etc.) as well as the preference systematically given to domestic enterprises when contracts are let out by the French public administration.

This concern is also found in the request recently addressed by the FRG Federation of the Textile Industry to the Bonn government. The federation asked Chancellor Helmut Schmidt to intervene "to prevent France from increasing its subsidies even more." The request holds that the textile plan "is contrary to the letter and spirit of the Treaty of Rome."

In a more general way, German exporters are complaining of less favorable financing conditions than some of their foreign competitors enjoy. Indeed, they do not benefit from export subsidies. And the credit terms made available to them are not as advantageous in the FRG as in France, the United States and Britain.

Whatever the case, all experts are unanimous in predicting a record German trade surplus in 1982. Capital goods will continue to be in the lead, and the automobile, chemical and electrotechnical sectors should show good results. Estimates are less optimistic for consumer goods. Roff Rodenstock, head of the BDI [German Employers Federation], for his part projects that orders from abroad will be insufficient to stimulate investments in Germany.

2662

CSO: 3100/658

WEEKLY VIEWS EAST-WEST ECONOMIC WAR, SANCTIONS, BANKRUPTCY

Paris LE NOUVEL ECONOMISTE in French 26 Apr 82 pp 56-60

[Article by Martine Royo: "East-West Trade: Shrinking Away"]

[Text] With or without economic sanctions, the good old days of East-West trade are numbered, for a variety of reasons: the "cold war" atmosphere; banks prey to political uncertainties; and capital markets which are short on cash.

The good old days of East-West trade are over! Everything is coming together: 1) American pressure on Europe to declare economic war on the USSR; 2) the Polish financial crash and the precarious financial situation of a number of the COMECON (East European Common Market) countries--a real warning shot for banks no longer willing to commit themselves lightly to large-scale financing programs in Eastern Europe, and 3) the decision by COMECON members to curb their purchases from the West in view of their rising foreign debt.

Will the United States and Europe decide to cut off credit to the Soviet Union at the Versailles Summit on 7 and 8 June? Or at least to halt subsidized loans to the USSR (at rates lower than the market rates)? The Europeans are not ready for that, but Washington is forcing their hand.

"It does not make sense for European taxpayers to subsidize Soviet imports," Robert Hormats, under secretary in charge of economic affairs at the State Department, said recently in Washington. "It is incomprehensible that a great power like the USSR should benefit from this type of economic aid, when the money used to subsidize these credits would be put to better use helping developing countries or even stimulating demand in Europe," he added. The minimum export credit rates agreed among the OECD members to avoid dumping of credits were already raised from 10 to 11 percent at the end of last year, at the request of the Americans. But this is just a first step for Washington--toward alignment on market rates initially, and then toward purely and simply stopping credits to the Soviet Union. The basic argument is political: "We have to hit the USSR where it hurts," an American official admitted privately. "Its need for hard currencies makes it really dependent."

Is this the prelude to a declaration of economic war? Not everyone in the American administration agrees on this point--neither the State Department nor the Department of Commerce in fact. "We do not want an economic war with the

USSR," Robert Hormats and Lionel Olmer, undersecretary at Commerce, assured harmoniously. "But we must review our Eastern European lending policy."

"This is a subject for the Summit of Seven, since 90 percent of the loans granted to the USSR come from these countries," Mr Olmer said, adding that it would even be desirable for an agreement to be reached before the Versailles Summit. But what do the partners say?

When James Buckley, undersecretary in charge of security at the State Department, toured Europe last month to discuss this subject he received a cool reception in both Paris and Bonn. "If we were giving the Soviets an undue advantage, we could discuss it. We don't want to hand them any gifts," a member of Claude Cheysson's office said readily. It is out of the question, however, to take unilateral action, as that would give a competitive advantage to the bad players. It is also out of the question to suddenly stop all guaranteed credits to East Europe and given them the impression that we are wholeheartedly rallying behind the United States. And finally, it is out of the question to rubber-stamp the political division that already exists by a complete economic break. In short, France is not closing the door, but the ground for agreement is narrow--even if it should decide that the Reagan administration is basically not wrong. The Eastern European markets absorb only 4 percent of OECD exports, but 20 percent of its guaranteed credits," stressed Jean-Marie Guehenno from the Analysis and Forecasting Center on the Quai d'Orsay, Mr Cheysson's "brain trust." Trade with the East evidently costs too much!

However, without credits, will Eastern Europe, badly in need of foreign exchange, continue to buy from Europe and help keep the French, German or Italian factories running? A difficult choice! Especially when the Reagan administration, pressured by a violently anti-Soviet public opinion and Congress, is threatening to take unilateral measures against the Siberian gas pipeline (which will be built by Europeans in exchange for Siberian gas supplies beginning in 1985) or to declare Poland in default, which would put a number of European banks in a critical position.

Threats of retaliation regarding the pipeline are not throwing anyone in Europe into a panic. "General Electric can refuse to deliver the necessary rotors to the European firms supplying the Siberian gas project. That would delay construction. But the Americans do not have the means to make the project collapse," a German industrialist said.

And then there is talk and there is action. President Reagan did not risk angering the powerful Midwestern farmers' lobby by decreeing another grain embargo. Hasn't the United States delivered more than 12 million tons of grain to the Soviet Union since 30 September? With the promise to sell them up to 23 million tons by the end of September 1982: a true record!

To decree Poland "in default" would be much more serious for Europe, as its banks and governments are much more committed to Warsaw than the American banks, and thus much more worried about the impact of a decision of this sort on East-West trade. "An overly intransigent stance could jeopardize the fragile

structure of East-West trade," said someone from the Bank fur Gemeinwirtschaft, the bank of German labor unions which is also the bank with the largest claims on Poland (\$750 million), and a bank which has always encouraged trade with Eastern Europe because it creates jobs. But who would be the first victim of a sudden halt in trade with the COMECON? The East or the West?

The East, say a number of Americans, such as Felix Rohatyn, a Lazard Freres banker in New York, who wrote in the NEW YORK TIMES last January that "capital can be as powerful a weapon as intercontinental missiles!" This is because Eastern Europe has become extremely dependent on its imports from the West to make its factories run and to obtain its supply of consumer goods. The Americans remember that trade was developed with the East to link Eastern Europe with the West and thereby give the West a means of exerting pressure.

"The political factor contaminates everything," said an important Parisian banker, who has closely followed the problems with the East. An example is the rescheduling of the Romanian debt. "This shouldn't have caused any problems," he stressed, since Romania implemented the recovery plan imposed by the IMF with Stalinian discipline, and its current payments balance showed a surplus of \$200 million last year, when a \$1.5 million deficit was forecast. Mr Ceausescu has already submitted a repayment plan and negotiations with banks are going well. However, there have been some dramatic turns of events: a few days after U.S. Secretary of State Alexander Haig's visit to Bucharest on 14 February, Washington declared Romania in default for a ridiculous amount of \$5.8 million owed to the National Grain Agency! There are plenty of advisers to Mr Haig and President Reagan who believe that "it is worth it to lose \$95 billion (the total debt of Eastern European countries to the West) to annoy the Soviets."

In these circumstances, what banker would be tempted to finance new contracts with Eastern Europe?

To be sure, the Soviet Union's foreign debt is very small in comparison with its economic potential (\$14 billion) and its traditionally surplus foreign trade position (except in 1981, when its trade balance registered a \$3.6 billion deficit and its balance of payments a \$6 billion deficit, but its gold sales made up for half of the deficit).

The Eastern Europeans, for their part, are holding discussions in the midst of inextricable repayment problems. The debt service accounts for 40 percent of foreign currency export receipts in the best case (Hungary), and 200 percent in the worst (Poland). "After Romania will come Yugoslavia," predicts Professor Alec Nove, a specialist in Eastern European countries at Glasgow University. "And when will it be East Germany's turn?" Bankers and government officials now realize with dismay that they were a little too generous with Eastern Europe during the 70's, a time when new outlets had to be found to come out of the recession and when, thanks to the petrodollars, cash was abundant. The debt of the COMECON countries to the West went from less than \$10 billion in 1970 to more than \$95 billion last year, according to Wharton Institute, an American banking institution. "This is tantamount to a new Marshall Plan," a European diplomat remarked with astonishment.

As for the banks, they learned at their expense from the Polish affair that the USSR has no intention of playing the role of guarantor for its satellites. Several Politburo members assuredly told their western visitors last year that the Polish debt was Poland's problem, and not the Soviet Union's. This statement, however, was made before General Jaruzelski's takeover. Today, the Kremlin would probably have a softer position. It is no mystery to anyone that Warsaw recently resumed interest payments on its debt using Soviet money. Moscow, however, is not rich enough in foreign exchange to repay the capital. A "cold war" atmosphere prevails, with the Soviet satellites on the verge of bankruptcy and banks at the mercy of political uncertainties. It is enough to give a serious blow to the development of East-West trade, particularly when the Eastern European countries themselves have decided to curb their purchases from the West. This is actually written into all the 5-year plans of the COMECON members. Why?

To lower their growing debts with Western Europe and the United States, caused for the most part by their foreign trade deficits. East European imports of Western goods went from \$7 billion (in current prices) in 1970 to \$30 billion in 1978. This increase in purchases remained unilateral, since the West was hit with the crisis at the same time and started importing less, and then the East in turn began suffering from an economic crisis. In 1981, Eastern Europe (excluding the USSR) saw its GNP decline by 1 percent, in contrast to a 1-percent growth in 1980, according to the United Nations Economic Commission for Europe.

The reasons for this slowdown are demographic and are related to increasing problems in obtaining supplies of raw materials. The USSR, almost the exclusive supplier, was faced with considerable cost increases and with operating difficulties (old deposits were depleted and it was more difficult to put the new ones into production). Added to this were its priorities for distributing the national wealth. In the USSR, for instance, priorities fixed under the Eleventh Plan for a growth in consumption and military expenditure rule out any increase in investment.

Will the goals be kept despite the incompressible needs of the Eastern European countries for Western machinery and spare parts? An initial attempt to reduce their imports in 1977 was followed by an upswing in purchases from the West in 1978 and 1979 that rather clearly showed how rigid their import needs were.

However, since 1979, there has been the Polish crisis. The bankruptcy of the Polish economy disrupted all the relations within COMECON, where each country is specialized and supplies its "sister countries."

Poland was supplying them with coal and some electronics. It was particularly involved in the nuclear program in the Eastern countries, which is going to be delayed because of it. A headache for Moscow, which is going to have to stop up the holes by supplying more oil, coal or gas to its satellites, which are making it pay more and more for their participation in COMECON. COMECON finds itself in the situation of a colonial empire whose colonies are no longer contributing anything, but are costing instead. At the same time, the decline in

oil prices, added to a series of poor harvests, is putting a burden on its reserves and forcing it to sell more and more gold. A failure of its foreign detente policy, political discontent and economic bankruptcies within its empire are all going to put pressure on the Kremlin to make concessions in the coming years. At least up to 1985, and then the Yamal gas contract will be completed--if there are no delays--enabling it once more to obtain the precious foreign exchange Russia needs to buy grain and maintain cohesion in its "corner of the world."

Between now and then, East-West relations could go through a dangerous period, from an economic as well as a political standpoint, because, since 1975, the markets of the East have been the spare tire for a Western Europe in crisis.

Trade with the East accounts for 5 percent of its total foreign trade (10 billion francs in exports for France, nearly twice as much for Federal Germany). "Which countries are capable of buying and paying today?" asks a French industrialist. "In Africa, there is only Pretoria," he answers cynically. "The American continent is the private preserve of the United States. In the Middle East, there are no people and so there is no real market. Japan is sheltered by an American-style protectionism and China is sleeping."

This is not a very happy picture for the French firms that speculated on the Eastern markets in the beginning of the 70's. No major contract has come from the East since 1 January. Fortunately, there is the gas pipeline. Thanks to it, Creusot-Loire, Thomson and Sofregaz are keeping their positions. The amount involved, however, is smaller than expected: a total of only 4.5 billion francs, about 3 billion of which goes to Creusot-Loire, but Italian subcontractors and supplies will have to be deducted from that. A year ago they expected orders ranging between 10 and 15 billion....

In spite of everything, 1981 was not a "black" year for contracts with the USSR. Two billion francs in contracts (over 100 million) were signed: Vallourec for steel pipes, Solex for automobile carburetors, etc. Are we so far from the lucky year in 1976, when France signed large contracts totalling 7 billion francs? Two billion francs is still a respectable average, in comparison with the 1977-80 period. However, current Franco-Soviet trade (60 percent of our trade with the East) is developing catastrophically. France's deficit doubled last year, growing from 4 to 8 billion francs. The value of our exports stagnated, while the energy bill climbed.

The morale of the large French companies with branches in Eastern Europe is thus not high--except for the Creusot-Loire group, which has the gas pipeline contract. Even its subsidiary, the research and development firm Creusot-Loire Enterprise, nearly 100 percent of whose sales volume has been with Eastern Europe, "is doing all right": there was the Novolipetsk (steel plant) contract signed with Moscow at the end of 1980, and the project for producing and processing Astrakan gas for which it received a letter of intent at the end of last year.

But the rest of the research and development companies are not as well off. Speichim, which specializes in fine and organic chemicals, has not signed anything with the Eastern European countries in the past 2 years. Technip, specializing in oil equipment and petrochemicals, has had no major contracts with the East since 1978. This is a hard blow for a firm which did 28 percent of its sales with COMECON countries from 1976 to 1979. This percentage fell to 8.2 percent last year, and Technip has "reoriented" its business toward the Middle East, where it realized 30 percent of its sales volume. Even Rhone-Poulenc, which signed an important agreement at the end of 1980 to increase its trade with the USSR to 3 billion francs by 1985 (i.e., 1.5 billion in sales and 1.5 billion in purchases) is pessimistic.

"We will not be able to keep up the pace," Maurice Mallet, its director for Eastern Europe, predicted. "The slightest political obstacle can jeopardize everything. And the hardened line of the French Government does not augur well...." Poland, its second largest client, has just frozen its imports. The French firms are having quite a hard time adjusting to this. The good old days of East-West trade are over--at least until 1985.

Growth in Western Europe will inevitably suffer the repercussions.

France's Share

Dependence or independence? Overall, France buys little from the East: 4 percent of total imports. Only six items in the "Customs List" have percentages higher than 10 percent. The highest ones? Live animals (13.5 percent) and esparto wares and basketry (12.9 percent). We should not be afraid of an embargo by the Socialist countries!

This is the gist of a study conducted by the CEPRII (Center for Forecasting and International Information).

The dependence is greater than it seems at closer glance. Take energy, first. The average energy dependence ratio for France vis-a-vis Eastern Europe is 8.7 percent. Although it is very low for crude oil (3.3 percent, as a percentage of French energy consumption), it is much higher for some products such as hard coal (36.7 percent), gas-oil (34.1 percent) or gas (20.7 percent).

This dependence is going to increase as a result of the Yamal project. Beginning in 1985, France should receive 8 billion cubic meters of Soviet natural gas a year, in addition to the 4 billion cubic meters it already imports. Dependence on Soviet gas will therefore increase from 15 percent to nearly 40 percent.

If, as is likely, purchases of Soviet oil decline somewhat between now and the mid-80's to a level of 6 million tons, and if coal imports from the USSR and Poland stagnate (at 2.9 million toe), France's energy dependence on Eastern Europe will increase to 9.5 percent in 1985 and will level off at 8.6 percent around 1990. "Dependence to this degree could not be called marginal," the CEPRII noted, and suggested that "types and areas of cooperation that might balance out this dependence in the future should be sought."

The balance has been more or less preserved for the time being. COMECON absorbs about 4 percent of French exports. There is only one category of products that could possibly lead to Eastern European dependence, and that is agro-food products. This is the case with sugar and refineries," where the East absorbs 15.7 percent of our sales abroad, grain (12 percent), meat (7.4 percent), with high rates for veal (51 percent), frozen meat (45 percent), and dairy products, especially butter (39.6 percent).

In view of the production volume in the Eastern European countries and their foreign purchases, this dependence still seems minor. Thus the CEPRII suggests that France take advantage, for instance, of its future purchases of Soviet natural gas to obtain in return a substantial increase in its sales of agro-food products to the USSR. A "supplier dependence" on the part of France quite obviously corresponds to the "buyer dependence" of Socialist Europe.

Although it is marginal for foodstuffs, it is strong for capital goods, a sector where exports are frequently concentrated in a small number of large companies, whose success depends to a great extent on their performance on the Eastern European markets. The COMECON countries are, for instance, the main customers of the French machine-tool industry. The leading products are hot-rolled sections and bars, 50.4 percent of which are sold to Eastern Europe, metal testing equipment (75.6 percent), compressor parts (41.3 percent), and pumps (23.4 percent), among others.

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EFFECTS OF DOMESTIC CONSUMPTION, INFLATION, SAVINGS ON STOCK MARKET

Future Most Prominent Companies

Paris LE NOUVEL ECONOMISTE in French Special Issue May 82 pp 6-12

[Excerpts] Since the nationalization of large groups of companies, the choices offered by the Paris stock market have been considerably reduced. Some 30 "star" stocks are now dominating the market.

In the course of 1 year, the Paris stock market has learned to co-exist with the Socialist administration without, however, making any bets on the chances for economic and financial success of the new majority. After a steep decline on the day following the 10th of May 1981--the CAC [Stockbrokers' Economic Information Center] index dropped 30 percent in a few weeks--the French stockmarket has gradually recovered. Will this movement, which has already regained two thirds of the lost territory, continue? Without being excessively optimistic nor exaggeratedly pessimistic, investors are pondering this question. Technical factors are now dominating the Paris market which has been considerably reduced after nationalization (its capitalization hardly exceeds 200 billion francs). But sensitivity to the political and economic environment remains important. Hence there is greater selectivity in the choice of stocks which is limited to some 30 "star" stocks.

Several factors will determine the development of the Paris market in the coming months. First of all some technical elements. Apart from liquid assets made available due to some operators selling their indemnity bonds (6 or 7 billion francs), funds arising out of new "Monory" subscriptions could also be invested. Of course, in order to benefit from the tax credit of 5,000 francs for the current year, one must accept freezing the bonds accumulated from 1978 to 1986. This has a very restraining effect. But, for the specialized Sicav [Variable Capital Investment Company], large reinvestment of these sums has been reported since the release of dividends for the 1981 fiscal year at the end of March. If this trend continues an additional 5 or 6 billion francs could be coming into the market from now until the end of 1982. Another important consideration is the action which will be taken on the Dautresme report. This suggests discontinuing tax credits and replacing them with a formula for automatic deduction of 50 percent of the tax base of companies. A supplementary deduction (up to 100 percent) would be possible in cases of growth of investments or increase in capital. Some stockholders

would thus be penalized and others not. The consequences of this system, if it were adopted in the 1983 budget, are difficult to foresee. Since the companies which invest most frequently are those which distribute the least dividends. It is, however, probable that if the companies were not to take this bait and were, at the same time, to continue their investments and dividends at the current rate, the stock market reaction would be bad. But it is still too early to judge this.

It is equally impossible to measure the impact of other measures such as the "Invested Savings Plan" and the "Estate Savings Account" which are certainly destined to direct savings toward risky investments.

The economic environment will also influence the investment climate. Domestic consumption is running out of steam. The level of investment remains weak. Inflation continues much higher than that of other Western countries. This could have a depressing effect on the balance sheet of numerous enterprises as could the oppressiveness of social costs and the maintenance of high interest rates.

Nevertheless, at the end of March, various Parisian analysts still remained positive with regard to the results of the current financial year. The BNP [Banque Nationale de Paris], for example, was forecasting that 89 stocks out of a representative sample of 98 would be up by comparison with fiscal 1981, and only nine would be down. (Last year, with a slightly larger sample--certain companies have since been nationalized--those which were up numbered 72 and those which were down 32.) Another sample, prepared by the Meeschaert office, showed an average increase in profit of 15.7 percent (except for oil) compared to only 7 percent in 1981 (with, it is true, an enormous spread from one company to another last year ranging from a 62 percent decline to a 100 percent growth). The financial analysis service of the Societe Generale prepared a table which showed an average growth of 35 percent in income for 1982. (Including petroleum stocks, the difference would be still greater (up 50 percent)). According to the same method of calculation, profits grew last year by only 2 percent (24 percent if the oil sector is included).

The average PER of the French market (the PER, or "Price Earning Ratio," measures the relationship between the profits of a company reduced to one share and the price of a share on the stock market) was a little over eight at the beginning of spring. Thus the PER shows a net increase by comparison with what it was last summer (about 6.5). It is thus just between the average PER of the London Stock Exchange (9.4 times profits) and that of New York (7.6 times profits).

In any case it is essential to be more and more selective and to retain among one's choice of investments only those companies for which good prospects for fiscal 1982 are clearly established. In this regard one prime category of enterprise should be carefully re-examined, i.e., companies in a "recovery" situation, securities which were the object of sudden infatuation at the beginning of 1982. Peugeot is one such. Several financial analyses in January forecast a slight decline in losses funded in 1981 (they

had reached 1.5 billion francs in 1980) and complete recovery in 1982, the concern once again started to make money. Four months later it appeared that the losses for fiscal 1981 would be on the order of 2 billion francs (due partly to the process of pulling out of Argentina) and that in 1982, despite a net improvement in sales in certain automobile markets, the loss could exceed 500 million francs (the British and Spanish branches still being in difficult straits). The severe measures for restructuring, taken 2 years ago, are not expected to produce results before 1983. The price per share, which had recovered sharply, would not withstand continued bad news for very long.

Another case of recovery, which was much more laborious than expected, is that of Michelin. The depression in Western automobile markets (especially the United States) has been much greater than expected. In addition the rise of the dollar which was helpful to Michelin at the sales level, had a very negative impact on the cost of raw materials (rubber prices are expressed in American money). Finally, the burden of Kleber-Colombes which was particularly heavy in 1981 will remain the same in 1982. As a result the analysts who were forecasting a slight retreat for fiscal 1981 are now expecting a significant drop (profits will probably drop to 50 or 60 francs a share as compared to 96 francs in 1980 and 150 francs in 1979). On the other hand, for the current year, earnings are expected to be between 70 and 80 francs per share.

The forecasts on Radiotechnique were also imprudent. Based on the level of activity which the color TV branch of this firm enjoyed during the second half of 1981, some analysts concluded a little hastily that business was in the process of recovering. But they were forgetting the RTC [Radio Technique Compelec] parts division which still registered a loss of 35 million francs in 1981. Some steps toward restructuring were, of course, taken in this sector with a view to specializing production in high technology and withdrawing from production of more commonplace products. But we should not expect consolidated earnings in fiscal 1982 higher than those for 1980 (about 50 francs a share).

The DMC [expansion unknown] flash in the pan was also not entirely justified. Certainly 1981 losses will be reduced by comparison with 1980 (50 to 60 million francs as against 69.9 million). But the concern's situation, which is not lacking in export advantages (it has recently concluded an agreement with Cannon Mills, the premier world producer of household linen), remains difficult. There is no general recovery in the world textile market.

On the other hand the new interest in CIT-Alcatel seems more justified. After a difficult year in fiscal 1980, 1981 showed a marked improvement in earnings. The losses suffered in the handling of mail (Friden, Roneo) were reduced. Technological changes carried out in the telephone sector (temporary replacement) began to bear fruit. Consolidated earnings for 1981 are expected to be between 65 and 75 francs per share and between 80 and 95 francs in 1982.

By the same token, the rediscovery of PM Labinal is explained by real development possibilities. In 1981 the consolidated turnover improved only 13.2 percent. The aerospace division enjoyed a growth of 36.8 percent while the

automobile cable and brake division was affected by the conditions in this sector. By reason of the improvement in automobile activity and technological advances by PM Labinal in certain areas (in 1981 the company took over the Microturbo enterprise which specializes in small gas turbines), earnings for the current year should be between 20 and 30 francs a share (compared to 12.8 francs in 1981).

Another confirmed "come back" from the beginning of 1982 is Alsthom-Atlantique. The maintenance of the French nuclear program at a high level and a number of successes in exports in the large mechanical equipment field assure a full order book for the group which should register earnings in 1981 on the order of 45 francs and between 50 and 60 francs in 1982. The export situation of Vallourec (second producer of pipes in Europe) gives equal ground for hope for a net improvement in earnings in 1982 (20 to 30 francs per share as compared to a record of close to zero in 1981).

SEB [Bourgogne Metalstamping Company] also distinguished itself deservedly. The group's prospects for growth in exports are very satisfactory, especially in the non-adhesive tool and electric iron sector. Significant productivity gains have been obtained which should permit SEB to realize 50 percent of its sales abroad in 1984 (compared to 40 percent today). In fiscal 1981 net consolidated earnings per share will be on the order of 25 francs and 30 to 35 francs in 1982.

A last case of remarkable recovery is that of Jacques Borel International. The volume of business grew by nearly 20 percent in 1981 (with a comparable structure). Net consolidated earnings should be on the order of 25 to 30 million francs (compared to 6.9 million francs). A sharp improvement in financial structure, significant productivity gains and the development of new forms for reconstruction should consolidate recovery in 1982, a year which will be marked by union with Novotel.

In the months following the election of Mr Mitterrand to the presidency of the republic, investors purchased shares indiscriminately in all the companies engaged in distribution hoping they would be able to profit broadly from a new surge in consumption. That has not always been the case. And the current slowdown in retail sales gives rise to still more prudence in this sector of the stock list which, moreover, could be affected by the commercial reforms planned by the Socialists (management of credit suppliers, greater constraints on the creation of new selling areas).

The most disappointing results have been those of Carrefour. The first estimates for fiscal 1981 suggested an increase in consolidated earnings of 20 percent. In reality they will only be 5 percent. The turnover of the concern has increased only 20.9 percent (compared to 21.6 percent in 1980). And it has encountered difficulties with its Brazilian and Spanish affiliates. For the first 2 months of 1982 the slowdown in activity has been still more pronounced (up only 16.9 percent). And the results for the whole year may not even reach the 200 francs per share originally expected (compared to 160-165 francs in 1981).

On the other hand there is the more favored concern Promodes whose very diversified activity (wholesale and retail, large and small supermarkets) will better enable it to go through the crisis. Its consolidated turnover grew by 27 percent and its net earnings by 31 percent (131 francs per share). Nineteen eighty-two should be still more positive.

Darty has also filled its contract. This concern, which was able to establish itself very rapidly in strong growth markets (video, tape recorders) showed a growth in turnover of 26 percent for the fiscal year 1981-1982. Earnings should show a slightly higher increase (30 percent). In fiscal 1982-1983 activity could still grow by 20 to 25 percent and earnings by 20 percent (70 to 75 francs per share).

The revenue of La Redoute has grown in fiscal 1981-1982 by only 17.8 percent. But according to them earnings are up by 25 percent, the condition of the subsidiaries Sner (retail sales stores) and Rombaldi having been almost entirely restored to health. Fiscal 1982-1983 should mark a new increase of at least 15 percent (115 to 120 francs per share).

Among the large stores, Le Printemps appears now to be out of difficulty. Restructuring measures and commercial reorientation have borne fruit in 1981: turnover has grown by almost 20 percent. The net margin of the concern is up by more than 40 percent. In the current year growth should be a little more rapid (about 15 percent).

A last type of company which was very carefully researched in 1981 and with which one should now be particularly selective is a firm having a significant part of its income in foreign exchange (exports or industrial construction outside France). The weakness of the franc in relation to numerous currencies has not always been profitable by reason of the recession in many countries.

That explains, for example, the mediocre results of La Telemecanique. The decline in sales on the French market has been insufficiently compensated by the growth in exports (this represents more than half of the sales of the concern). In sum, turnover of Telemecanique has grown only 14 percent and net earnings have tumbled by 54 percent (65 francs a share).

Air Liquide has also been forced to confront the world economic slowdown. Its consolidated turnover has grown by only 16 percent in 1981. "Capital goods" activity has stagnated, no significant delivery having taken place throughout the entire year; five units destined to South Africa for the production of synthetic gasoline (Sasol) were not supposed to be invoiced until 1982. As for sales by the American subsidiary Liquid Air Corp, they grew by only 4.8 percent. Earnings for the group are only expected to grow by about 10 to 12 percent in 1981 (40 francs per share). For the current year Air Liquide's performance will still depend largely on conditions in the industrial countries. Over the longer term new developments may be expected in the United States following the recent repurchase of Cardox, second largest American producer of carbon gas.

Expectations were also disappointed by Martell. This company, which exports 90 percent of its production--especially to countries in the dollar area--has been strongly affected in the course of the fiscal year 1980-1981 by the bankruptcy of its import agent in Mexico which cost the firm 9.3 million francs. As a result consolidated earnings have grown by only 10.6 percent (66 francs per share). For the current fiscal year it is again Mexico which poses problems following the devaluation of the peso by 70 percent. As for Source Perrier the "dollar effect" proceeding from the sale of carbonated water in the United States was also heavily counted on. But in the end consolidated earnings for the fiscal year 1980-1981 grew by only 5.3 percent.

The public works sector which has, for several years, won over very important parts of the foreign market, enjoyed on the whole a satisfactory year in 1981. Fiscal 1982 should be still better in the absence of anything unexpected in certain countries. But beyond that analysts are questioning whether growth can continue from year to year. Income is declining in oil producing countries, which are the main clients of French construction companies, and they are reducing their public investment programs.

Bouygues, thanks to the enormous contract signed in 1981 with Saudi Arabia for the construction of the university of Riyadh, succeeded in raising the portion of its turnover in foreign sales from 14 to 26 percent in 1 year. This has enabled it to maintain a rhythm of growth in its activities across the board of 38 percent. Consolidated earnings for the same fiscal year should grow by more than 40 percent. In 1982, in the absence of difficulties, especially in Iraq where Bouygues has large construction jobs under way, turnover should still grow by more than 30 percent and earnings by 35 percent (or 96 francs per share). This does not take into account earnings of the insurance group Drouot purchased at the beginning of the year for 509 million francs. Dumez, whose foreign activity is still more significant (95 percent of its current orders), registered a growth in its consolidated volume of business in 1981 of 31.7 percent and a growth in net earnings of about 25 percent. In 1982 earnings are expected to grow a little less rapidly (20 to 22 percent) and to reach 180 to 190 francs per share.

In the food and agriculture business some results have conformed completely to forecasts. This was the case with BSN which is expected to grow by more than 25 percent on a consolidated basis. Of the anticipated 420 million francs, the financial yield, extracted from the "war chest" acquired at the time of the sale of the glass subsidiaries Flarglass and Glaverbel which was only partly consumed by the repurchase in August 1981 of the American company Danon, represented about 100 million francs. In fiscal 1982 the dollar effect should play a full role since this new subsidiary, which specializes in fresh products, is undergoing strong growth. Completely disengaged from "flat glass" activity, the BSN group is going to take total advantage of the development of its different food branches. Hence a growth in income between 25 and 30 percent is expected.

Another company in this sector which is performing very well is Bongrain. Turnover grew in 1981 by nearly 24 percent. Foreign sales now represent a

little less than half this total which is partly produced on the spot (the group has factories in Brazil, United States, Spain and Australia). According to it, consolidated earnings grew 19 percent. Improvement in the margins of the foreign subsidiaries, which are still below those applied in France, should be confirmed in 1982. Since, on the other hand, Societe Perreault, which had to bear exceptional burdens in 1981, is expected to recover equilibrium in its accounts, there is hope for an increase in profits of 20 to 25 percent (90 to 95 francs per share).

Lesieur, thanks to the development of its new Spanish subsidiary, has seen its consolidated turnover grow by 43.8 percent in 1981, reported earnings being up 18 percent. In fiscal 1982 it is expected to benefit from a recovery in the volume of oil sales in France and earnings might grow anew by 18 percent (or 135 francs per share).

Among the champagne stocks, Moet-Hennessy remains the most interesting. Fiscal 1981 was exceptional: the consolidated turnover grew by 42 percent and earnings by 40 percent. The impact of the rise of the dollar on this total (40 percent of exports are invoiced in dollars) is substantial. Fiscal 1982 appears favorable despite difficulties in supplies of champagne due to several bad harvests. But cognac, perfumes and cosmetics should make up for this. Expected earnings are on the order of 75 to 80 francs a share.

In the category of "star" securities on the stock exchange Essilor is also to be found. Stagnation of earnings reported in 1981 was expected. Lively competition which took hold of the market for corrective lenses, especially in the United States, forced Essilor to reduce its profit margin. But from this price war the French group seems to have emerged the victor and expects a clear recovery in its earnings which could reach 70 francs per share.

Bic also endured a mediocre year in 1981. Net consolidated earnings grew by only 2 percent. Principal reason: sharp decline in earnings by the American subsidiary Bic Pen Corp (\$8.2 compared to \$12.3 million) due to increased competition in the sector of writing instruments. Progressive improvement in the recession in the United States should make recovery possible; analysts expect a growth in earnings on the order of 15 to 20 percent (about 60 francs per share).

Thanks to its very good commercial base, L'Oreal was able to get through 1981 without hindrance. Its margins grew in the sector of hair and cosmetic products. And its earnings should grow still more by 20 to 25 percent (or about 110 francs per share). The Club Mediterranee also did not suffer from the recession. The consolidated turnover for fiscal 1980-1981 grew by nearly 30 percent. Earnings of the group are, according to it, expected to grow by 24 to 26 percent. Expected growth in 1981-1982 will be up by 20 percent (or 60 francs per share).

Very special treatment should be reserved for oil companies. The rise in the dollar has had a positive effect on their production activity but has been disastrous in the "refining" sector. The rise in the American dollar could only be insufficiently reflected in the sales price of refined products.

Moreover, by reason of the decline in industrial activity, productive capacity has been underutilized. Result: the earnings of Elf-Aquitaine (which is still the largest stock company on the Paris market) declined by 40 percent. And CFP [French Petroleum Company] registered a loss of about 2 billion francs. Forecasts of earnings for the current fiscal year are almost impossible. Decontrol of prices for refined products by the Socialist government could certainly reduce losses in this sector. But it will probably remain in deficit. Complete recovery will only be realized when the hour of world economic recovery is sounded.

New Savings Proposal

Paris LE NOUVEL ECONOMISTE in French Special Issue May 82 p 29

[Text] The report of the Dautresme Commission on the "protection and development of savings" was submitted to the economic and budget ministries at the end of April. Its theme is the "reduction of inequities," one of the "loose ends that must be tied up by the government." The following is a summary.

Discontinuation of the tax credit and replacement by a new system. Dividends would be deductible up to 50 percent of the tax on the companies. There would be a supplementary deduction (equal to 50 percent of the net investment excess) financed by their own funds, or up to 50 percent of dividends distributed to pay for new stock issues. The tax credit would disappear. Stockholders of companies which would not increase their investment efforts would thus be penalized.

Creation of "new products, neither too simple nor too sophisticated." A social savings certificate would protect modest savings against monetary erosion (a formula already accepted by the government; it is the "pink booklet"). An invested savings plan (50,000 francs per household) would be reserved for savers not included in the indexed savings certificate. It should make it possible to better distribute liquid assets among the 80 percent of households who do not have them. Income from this portfolio of stocks and bonds would be exempt from taxation on condition that it remained invested for 5 years. Current tax deductions of 3,000 francs on income from liquid assets would be reserved for holders of these plans. Finally, an estate savings account (10,000 francs per adult per year), at least two thirds of which consists of stocks, would encourage the establishment of the financial estate and should generate support for the companies' own stocks. Income reinvested in the account would benefit from the tax credit. The "Monory shares" could be applied to it. Estate savings accounts and invested savings plans would be cumulative.

Development of bond market. Payment on bonds after taxes would have to be tied to the inflation rate and the 25 percent final deduction maintained. A "bond certificate" valid for 6 years, quoted on the stock exchange and exchangeable after 3 years for a new bond, would be created. At the same time, the schedule of rates would have to be modified to the detriment of liquid savings (free withdrawal of short term savings would go from 6 months to

2 years!) Companies would be able to subscribe to Sicav or FCP [Joint Investment Funds] either short term or with variable rates. As for interest on passbooks A in savings banks, it would be partly added to taxable revenue which would mean the death of these passbooks.

Development of a market exchange, particularly by access to a "quoted" market parallel to the official quotation in which companies could introduce only 10 percent of their capital and clarification of sales of blocks (private market between financial intermediaries). The functioning of the stock exchange would be improved and growth of capital simplified.

For insurance the tax would be discontinued and the current tax deduction on life insurance premiums replaced by another mechanism.

Finally the appreciation would be maintained, the dwelling savings rate would be lowered, savings invested in various goods (containers, diamonds, etc.) would be more closely checked as would savings invested in dealers in raw materials contracts.

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DENIZCIER ADDRESSES TROUBLED TURK-IS CONGRESS

Istanbul CUMHURIYET in Turkish 25 May 82 pp 1, 11

[Text] Ankara (CUMHURIYET BUREAU) -- The Turkish Confederation of Labor (TURK-IS) began its twelfth General Assembly yesterday. TURK-IS President Ibrahim Denizcier said, "It is puzzling that the private sector should be worried about raising the minimum wage."

Led by President Denizcier, delegates to the congress visited the Tomb of Ataturk. Denizcier wrote in the guestbook that "the principles of Ataturk shall be embraced and no concession given from his ideals."

The TURK-IS General Assembly, convened in the State Hydraulic Affairs conference hall, opened with the statement by General Secretary and Minister of Social Security Sadik Side that a quorum was present. Following the moment of silent respect and playing of the national anthem, the "Independence March," President Ibrahim Denizcier took the podium to deliver the opening address.

Many guests were seen to be present at the TURK-IS 12th Regular General Assembly. In attendance at the opening session were Consultative Assembly Speaker Sadi Irmak, U.S. Ambassador to Turkey Strausz Hupe, Consultative Assembly members and the ministers of labor, public works, justice and customs and monopolies.

In his speech opening the general assembly, Denizcier said he did not agree that raising the minimum wage would add more than 70 billion liras to the national budget, adding, "This is not right, because 80 percent of the 600,000 people working for minimum wage are employed in the private sector. In that case, is it not puzzling that the private sector should attribute its concern over raising the minimum wage to its effect on the national budget?"

President Denizcier spoke of TURK-IS general assemblies as "a platform where ideas are freely debated for the good of the nation," saying:

"If we do not count provocation, anarchy and treason as unionism -- and we cannot -- then TURK-IS has done its job for free unionism. TURK-IS is concerned with unionism. It does nothing else. And no matter what anyone may think, TURK-IS is alive and well today not because it is the fair-haired boy, but because it is not spoiled. I say this to those who criticize TURK-IS unfairly."

Denizciler said that labor had consented at the outset to suffer any hardship in order to get the nation's economy straightened out, continuing as follows:

"But as I have said many times, is it not unfair to expect the sacrifice from one sector alone? Just as any other attitude would cause certain frustrations and new upheavals in this period of our transition to normal democracy, it would also have a direct effect on production today.

"I would like to speak briefly at this point of the constitution now being drafted. As our new constitution is drafted, we advocate no tampering with the basic rights and freedoms earned. The lockout definitely should not be constitutional.

"Along with those friends with whom we set out together in the service of unionism, we have experienced together how difficult it was to earn these rights as the result of 30 years of honorable struggle. These rights, undreamed of in many countries, were not come by easily in Turkey. And they must not be relinquished easily. Those who will seek to serve after us, especially the younger generations, must ultimately be the guardians of these rights.

Certain Statesmen

"Real purchasing power, according to official statements by the men and state organizations in charge of directing the economy, is steadily declining and this must not be allowed to escape notice. We know we are not a wealthy country. We are not extravagant. But employers, redoubling their capital and piling up profits everyday, must cease opposing labor rights and certain statesmen must cease backing them up.

"The government authorities who direct the economy must write the final scene to the drama of the working man, and we say the minimum wage must be raised to do this. To ignore labor is to deny truth, and labor is the first element of production. One must realize that when the purchasing power of labor declines, production will slow down."

Minimum Wage-Severance Pay

Indicating that he thought it wrong to attach raising the minimum wage to severance pay, TURK-IS President Denizciler said:

"If, as described by law and condoned in practice, the minimum wage is to meet the most basic needs of a worker and his dependent family members, then it must not be too much to grant the worker, the principal element of the economy and production, at least the right to live in dignity.

It would be just as wrong and distorted a view to bind raising the minimum wage to severance pay as to say that workers' wages are too high."

Still in Former Job

Emphasizing the minimum wage, Denizciler continued as follows:

"Those working for minimum wage today number around 600,000. And this is no small number. To claim that the present minimum wage, which has a long way to go to cover the 600,000 people working for minimum wage, is sufficient for 2 million people and their families is as ridiculous as saying the sun rises in the west. Moreover, our distinguished prime minister asserted at a press conference 7 months ago that the present minimum wage is inadequate. It is seriously alarming and puzzling that a fact accepted by the distinguished head of the government as well as the speaker of the Consultative Assembly and many members of the government fails to be accepted by the employing minority and a distinguished minister who in all probability still sees himself in the capacity of his former job as the representative of employers. I do not wish to accuse any individual or organization unjustly by what I say, but the facts must not be distorted."

SAC

Touching also on the SAC [Supreme Arbitration Council] endeavors, the TURK-IS president asserted that this body could not function properly when union activities were suspended and said:

"The wage imbalance between sectors, the elimination of which was under consideration and with which the council was tasked, has been further aggravated. Indeed, this council, by some weird method of administration, reviewed certain collective labor contracts which had gone into effect 6 months before and, despite the opposition of labor, created new articles which clearly represented reversal of vested rights."

Leaving the Presidency

"Stating at the conclusion of his address that he would leave the TURK-IS presidency, Denizcier said:

"I would like to say that I leave the TURK-IS presidency at my own request. My watchword during the 3 years that I have been in office has been loyal service to the Turkish worker and TURK-IS. I will not retire from active unionism in leaving the TURK-IS presidency. I will always be here."

Board of Governors Election

Following President Ibrahim Denizcier's address, General Secretary Side came to the podium, remarking that Ibrahim Denizcier's withdrawal of his candidacy would signify a change of the guard and reported that Denizcier would continue to serve TURK-IS. Elections were then held for chairman of the board of governors. The motion was made and Ibrahim Denizcier was elected as chairman of the board of governors, with Sevkett Yilmaz and Emin Kul elected as deputy chairmen.

Telegrams

Telegrams sent to the TURK-IS general assembly were then read. Of note were messages sent by NSC [National Security Council] General Secretary General Necdet Urug, NSC member Admiral Nejat Tumer, Prime Minister Bulend Ulusu and Turkish Confederation of Employer Unions President Halit Narin.

Consultative Assembly Speaker Prof Sadi Irmak addressed the assembly following reading of the telegrams, stating that TURK-IS worked for social justice and that it was an organization in the tradition of Mustafa Kemal's ideals.

Labor Minister's Speech

Labor Minister Prof Turhan Esener also addressed the general assembly, stressing the need for union freedom, and said, "It is extremely important to be involved in union activities. I envy Mr Denizcier. I see him as a person who has performed his job well and left it with honor."

Stating that inflation is increased by the failure to balance wage, rent, interest and profit rates, Professor Esener spoke also of the employment problem, saying:

"Without investment there can be no jobs. Various measures are being taken to prevent unemployment. The factories must operate, the people must work and prices must not be allowed to rise."

Committee to Set Minimum Wage

Esener commented on Denizcier's complaint about the low minimum wage and said, "He is right. This wage is low. The government admits that it is low. If TURK-IS will be so kind as to work with us, we will appreciate it. We will do everything we can to get the Committee to Set the Minimum Wage to meet at the earliest opportunity."

Professor Esener pointed out the SAC law was an interim law and that it would be a thing of the past if the new laws on the principles of collective contracts were passed.

Former Labor Minister Prof Cahit Talas then spoke, expressing his views on social topics.

Talas said that Turkey's development and the prevention of inflation could not take place if workers' wages were restricted and that the minimum wage should be redesignated frequently.

Following Talas' speech, committees were formed on amendment of the bylaws, the budget, accounts verification, regulations and proposals and organization, and the general assembly went into recess.

Following a visit to the tomb of former TURK-IS President Seyfi Demirsoy by the TURK-IS leaders at 1400 hours, the convention resumed at 1500 hours.

Views on Report

Criticisms of the general assembly report were heard in the afternoon session. The first speaker was Turkish Health Workers Union Vice President Hasan Husein Koc who said that his organization respected Denizcier's decision. Koc said that the working report tended to place responsibility for arriving at 12 September on

the suspended parliament, political parties and parliamentarians. Indicating that this was wrong and inconsistent, Koc said, "Our employers must now learn what sacrifice is, they must taste reality and learn what sacrifice is."

"In order that TURK-IS not draw into its shell but be able to conduct relations with the free workers of the world, TURK-IS must reestablish relations with the World Confederation of Free Labor Unions," Koc said.

Adem Yilmaz, speaking for the Turkish Petroleum, Chemical, Nitrogen and Atomic Workers Union, pointed out that Turgut Ozal's economic policy was disastrous for labor, saying, "It is unfortunate that TURK-IS should have reached the point of breaking off relations with international labor organizations."

Hikmet Alcan spoke on behalf of the Sugar Industry Workers Union of Turkey, saying the following in summary:

"If we carried out the desires of the ICFTU, we would have defended the Confederation of Revolutionary Worker Unions. We cannot forget their shameful acts in Taksim Square. I cannot defend Abdullah Basturk."

Mustafa Ulu, general secretary of CIMSE-IS [Turkish Cement, Ceramics and Earthenware Industry Workers Union], spoke after Alcan, contending that Prime Minister Bulend Ulusu had been misinformed about worker lay-offs, that Ulusu had said that 4,000 workers had been laid off to date whereas 4,000 workers from CIMSE-IS alone had been thrown out of work. "What about the fact that workers are not supposed to be laid off?" Ulu said.

Turkish War Industry and Allied Workers Unions Federation representative Yilmaz Ahmet said that TURK-IS' silence had allowed misunderstandings to occur in public opinion, and Cetin Soyak of the same union said, "While Laws 274 and 275 are to be amended, when will TURK-IS speak up in its fine, strong voice?"

Lutfu Ozer, representing Cypriot workers at the convention, said that the TFSC was in economic difficulty. The convention then adjourned after its first day's deliberations and will continue today.

8349

CSO: 4654/338

ECONOMIC RELATIONS WITH LIBYA EMPHASIZED

Turkish-Libyan Economic Cooperation

Istanbul DUNYA in Turkish 24 Apr 82 p8

[Text] Ankara (UBA)--Libyan Secretary of Agrarian Reform and Land Reclamation Abu Zayd 'Umar Durdah, who came to Turkey to attend the Turkish-Libyan Joint Economic Commission's ninth round of meetings, said, "Turkish-Libyan friendship must serve as an example to all countries of the world."

Libyan Secretary of Agrarian Reform and Land Reclamation Durdah, who is holding talks with the Turkish committee headed by Deputy Prime Minister and Minister of State Turgut Ozal, gave the UBA [National Press Agency] an exclusive statement on the topic of Turkish-Libyan relations.

In his statement, Durdah reported that Turkish-Libyan relations are at their highest level and that this dates back to 1980.

Durdah noted that great emphasis is placed on agriculture in Libya and that, despite obstacles confronting the nation, its goal is to achieve land reform. He said, "There is a water problem of broad dimensions in our country. Average rainfall is very minimal. The number of days of rain per year is extremely limited. Low rainfall prevents us from expanding the agricultural region. For this reason, we are working to make use of underground water. We, as a republic, have reached a new plateau in this area. And it is in this area that we feel Turkey will help us tremendously, because Turkey has a number of valuable trained experts in the field of agriculture.

"New spheres are being opened in Libya to Turkish agricultural engineers and technicians. By consciously stressing agriculture, we will both increase agricultural production and develop animal husbandry."

Economic Cooperation

Libyan Secretary of Agrarian Reform and Land Reclamation Durdah asserted that the cooperation developed between Turkey and Libya has not been achieved between other Islamic nations.

Durdah stated that Libya is summoning and inviting Turkish corporations once again and that various irregularities that cropped up because of the economic crisis that is being experienced have been eliminated to a large extent through bilateral talks. He went on:

"Trade volume between the two nations in 1979 was \$26 million. It reached \$800 million in 1981. In 1979, the number of Turkish workers in Libya could be counted on one's hands. Now, the number has reached the hundred thousands. Likewise, in 1979, the number of Turkish corporations in Libya was very small. Now, however, there are more than 100. Whereas it is claimed that the volume of work of Turkish corporations in Libya was in the millions in 1979, this figure has climbed to \$8 billion today.

"Various irregularities have occurred due to the current economic crisis. However, as a result of joint talks, a large proportion of the irregularities has been eliminated. New spheres of business have been opened to Turkish corporations. In this way, a great advance has taken place through mutual Islamic aid. I hope that this type of mutual assistance will become more widespread and grow through the participation of all Islamic nations."

Libyan Secretary of Agrarian Reform and Land Reclamation Durdah noted that the absence of peace is due to the lack of solidarity among the Arab states. He said, "As long as an Arab union is not established, we cannot make a stand against Israel or any other foreign force. Strength comes from unity. There can be a real and viable power through the creation of an Arab union. Our goal is to eliminate the disquiet that exists in the Arab world, to prevent it from spreading and to do away with it at once."

Importance of Libyan Market

Istanbul DUNYA in Turkish 24 Apr 82 p 5

[Text] Izmir--Izmir exporting organizations report that the Libyan market is extremely beneficial to our nation from the standpoint of developing exportation and state, "We have earned a great deal more than we have lost from this market."

The Aegean Yildiz Plastics Marketing Corporation and other exporting firms have announced what they have gained from trade ties with Libya. They said:

"An exportation mentality, the idea of exportation, which had not existed, were implanted in firms that received large purchase orders. A number of large and small companies that embraced the thought of exportation learned, at the very least, about formalities, about regulations. A dynamism and renewal have been brought to productive firms that were on the brink of shutting down in the face of reduced demand on the domestic market. Firms that comprehend the importance of exportation have entered the race to sell goods to other countries. Changes that have occurred in the thinking and structures of producing companies have facilitated the establishment of a dialogue with our contractors abroad. Each firm has developed a section within its own organization that deals with foreign trade services. Each firm is making an

effort to stop being an organization that has one direction only, that provides a single type of service. Furthermore, faith in themselves and the belief that 'there is no reason why we cannot do it, too,' have been instilled."

Exporting firms, which note that, in the face of these positive developments, there is a series of problems, spoke of the problems:

"The major obstacle involves quality and packaging. Various minor problems in quality have occurred when firms have rushed so as to fill orders quickly. These have been solved after being shipped to the first party. Because the packaging for goods exported in the beginning was inadequate for conditions in Libya, acceptance of some goods was delayed. If we add to this various difficulties during offloading, there is no doubt that proper packaging is one of the most significant problems.

"Payment problems also confronted us. The payment plans of firms that placed orders were upset when the Libyan economy entered a difficult period. Our firms that had made agreements to sell goods were thrown into a difficult situation. This problem was partially, but not completely, solved by the Turkish Government's positive approach.

"Another problem is the lack of communication. Irregularities in the exchange of information between firms that do business resulted in every office acting on its own and in the overstocking of various goods. In addition, the inability of domestic market distribution channels to go into action in time caused other stockpiles to be exhausted."

The Izmir exporting companies reported that, as a result of all of these and other similar problems, the Libyan Government perceives a need to pursue a new plan and program and that at this stage, which can be called a transitional period, Libya's current orders are being held up until a second notice is received.

Exporters noted that they believe it is necessary for us to deal with the situation of Libya, which they define as a friend and brother nation, with understanding. They said:

"Reorganization, a new budget, and new spending programs will lay a more sound foundation for our economic relations with Libya. For the solution of problems, good intentions on both sides and mutual understanding will help to yield results within a short time. There are stockpiles of goods in the hands of our manufacturing firms as required by agreements we reached with them. Payments for export credit we have obtained are about to come due. It would be extremely difficult to sell these products, which were special-ordered, on the domestic market. Stockpiled goods have become obstacles in the course of business within companies. It is necessary to look for ways to solve the difficulties about which we have spoken. It is our belief that Libya's remaining orders must be sent through a limited program that can be drawn up with related offices and with the recognition of a reasonable payment plan. It is obvious that Libya will not be able to pay using actual foreign exchange. This is where our state's greatest duty lies. The most positive course to take would be in the form of substituting goods for money through supplementary agreements. During a period

in which our Libyan friends are experiencing difficulties, pursuing such a course would also serve to carry out our contracts smoothly. It is in both countries' interests to strengthen further, within a long-term program, their ties on the market that Turkey entered very late."

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CSO: 4654/312

NOTED JOURNALIST INTERVIEWED ON ECONOMY

Istanbul CUMHURIYET in Turkish 16 May 82 p 6

[Interview with Nail Gureli, Turkish Journalists Union president, by CUMHURIYET Economic Service Chief Osman Ulagay]

[Text] Who Is Nail Gureli?

He was born in 1932. Following graduation from the Special School of Journalism, he served as correspondent, writer and editor of various newspapers. Since 1954 Gureli has served in various capacities in the Istanbul Journalists Union and then the Turkish Journalists Union, being elected president last March. Gureli has published seven works of research, reportage and humor.

[Question] Mr Gureli, there are differing views as to which sectors of society are bearing the brunt of the economic model which has been applied in our country for more than 2 years now. The loudest complaints in this connection are probably coming from the capital sector, from certain industrialists and businessmen. How do you assess this? Who, in your opinion, is bearing the brunt of the 24 January model?

[Answer] The present economic model, as it has been to date, is consistent with the interests of capital without regard to the interests of the workers, and since it was designed by a sociopolitical power complex which dominates it, the workers -- certainly not the designers -- will bear the brunt of this model. Are the designers of a model going to burden themselves by their own hand? In fact, the workers, all who work for a living, bear this burden. And a heavy burden it is.

[Question] How did you arrive at this conclusion, Mr Gureli?

[Answer] How? Once a limit was placed on wages and real wages actually declined, prices were decontrolled. Thus the workers, who make a living by wages, became the victim of the employers, who derive their income from prices. Real wages hit rock bottom, greatly reducing the purchasing power of the workers, whom employer representatives describe -- surely in jest -- as the "happy minority." Let us look at the figures from the latest TURK-IS [Turkish Confederation of Labor] report: In 1980, real wages fell to 56.7 percent of 1977 wages. A

worker's real daily wage which was 17.91 liras in 1963 fell to 13.91 liras in 1981. The real daily minimum wage which, also in 1963, was 8.91 liras dropped to 8.54 liras in 1981.

[Question] But there are also claims that this model is successful. What do you say to that? Or rather, let me ask this: In whose opinion is this model successful and how far has it succeeded?

[Answer] First of all let me say this: If there is no immediate solution to the complaints lying at the very base of the economic model and to unemployment, today approaching 15 percent, what looks like success on paper today may threaten tomorrow, may cost society dearly. It is necessary that the self-denial and silence in which those who strive for survival on monthly wages bear their hardships not be misunderstood. Both economic and political examples of doing so were seen in the past. Those who thought, "This system will go no matter what, there is no other option, there is no alternative," saw that ultimately there was a crisis of the economy and the regime. Further proof that it is the workers bearing the brunt of the economic model, or in other words, evidence of the failure of the economic model, is the recent outburst over the minimum wage. That is, these arguments are proof that the economic model has not lived up to expectations.

[Question] What is the connection between the failure of the model and the minimum wage debate?

[Answer] Look, Prime Minister Mr Uluşu said at his fourth press conference on 14 November 1981, "Even though the designated minimum wage represents a significant increase over the previous year, we do not consider the present wage adequate." So if the distinguished prime minister did not consider the lowest wage adequate, it should have been raised at the first opportunity. If the economic model had been able to show real success across the board, this opportunity would have arisen and the demand for a higher minimum wage would not have gotten the severe, excitable reaction it has today. Which means the model has not been a real success across the board, so the demand for a higher minimum wage is creating this kind of reaction and even the authorities who said it was inadequate are left holding the bag today.

[Question] O.K., what is your reaction to the claims by certain employers and authorities that high wages are a primary cause of inflation?

[Answer] Let me answer the employers who say wages are a cause of inflation by citing an example from reports concerning their organizations. Looking at the records of one large business, financing inputs are 83 percent while worker inputs are only 11 percent. These rates, for the most part, are also valid for other companies. That is, employers are paying interest at around 80 percent on the credit they get while the rate they pay workers in wages is around 10 percent. Is the 80 percent interest of this model's banking policy fanning the flames of inflation, or is the entire blame in the 10 percent for workers' wages? The answer is obvious: The full blame for what forms these rates is in the economic model and the one whipping the horse is the employers. One can see

why wages are not the basic cause of inflation by looking at the indicators of the recent past. The inflation rate when real wages started declining in 1978 and after is higher than the inflation rate in previous periods when real wages were high. If wages had been the basic cause of inflation, the rate of inflation prior to 1978 when wages were high would have been a lot higher. Inflation took off at a gallop, however, between 1978-1980 when real wages were declining.

[Question] In other words, you do not agree that wages stimulated inflation?

[Answer] It is flatly unfair to say wages stimulate inflation when employers are raking in the profits. Which stimulates inflation, a worker's being able to buy a half kilo of meat to take home a week or the known number of employers going out to their known gathering places of a night, indulging in wasteful consumer spending several times over the minimum wage, saying, "Put it on the expense account, let it be deducted from my taxes"? While there are those on the one hand who cannot make a wage befitting human dignity, the fact that consumption takes place on the other hand not befitting human dignity certainly deepens social wounds and the responsibility for it cannot be dumped on those struggling to achieve a level befitting human dignity. It is just a disgrace to attempt to do that and to lay the blame on those who speak up about it. As long as excessive, unbridled profits are not brought under control and no barrier is built to the resulting mindless, outmoded extravagant consumerism which sows seeds of discord in society, there can be no talk of cutting workers' wages and the expediency of preventing inflation.

[Question] If we may return to the minimum wage, some claim in this regard that raising the minimum wage will just increase unemployment...

[Answer] When you say, "The minimum wage is inadequate, it must be raised," you are met head-on by the "no" chorus, or worse by recriminations. Raising the minimum wage just 2,500 little liras gross will add 70 billion liras to the budget, they say, and this would mean that many billion liras less for investment and therefore higher unemployment. If you follow this logic, you may go on to say, "Let's reduce the present minimum wage which is around 10,000 liras gross or 7,000 liras net by a further 2,500 liras and invest 70 billion liras more." Clearly this is no way to a solution and the premise does not hold. It is easy to withhold 2,500 liras from the worker. But then how are you going to slice the 70 billion lira pie made of these collective 2,500 liras that you withheld? If you follow this thinking, it means that you are going to be trimming the worker's slice again and giving less to the worker. Like the lion in the famous story.

[Question] O.K., what is your reaction to the view that the minimum wage concerns very few workers and for this reason is not very important?

[Answer] Yes, Mr Turgut Ozal said in a speech a few months ago that the minimum wage concerned only 2 percent of workers. Yet this rate is around 25 percent according to official data. According to Social Insurance Organization records, the number of insured workers on 1 January 1982 was 2.154 million and 581,580 of them work for monthly wages at the minimum wage level. Mr Ozal, however, apparently used to looking at problems from a single angle in what could be called

virtually a "mind set," takes refuge in this kind of rationale: "The minimum wage is being brought up deliberately because it is involved with severance pay," says Mr Ozal. What this really means is that many workers' wages are being shown artificially at the minimum wage level on the payrolls and this prevents their receiving severance pay in the future at the rate of their real wage. Is not such a fact admission that another of the workers' rights is being eroded and that the authorities are winking at it?

[Question] In that case, the link between the minimum wage and severance pay...

[Answer] The link between the minimum wage and severance pay is a problem involving legal technicalities. One must not forget in the evaluation of severance pay that severance pay was instituted in the place of unemployment insurance and job security which we do not have. Severance pay serves both as a substitute for unemployment insurance and job security and to counteract low wages and wear and tear on the worker. So severance pay ought not be considered only as a legal technicality. It is not right in the computation of severance pay today to take the criterion of 7.5 times the minimum wage and give a combined answer for both. What we would say without reservation about severance pay is that the ceiling in computing it should be eliminated and whatever a worker has earned on the basis of years of employment and wages is what he should be able to receive. If a worker was able to buy a house, for instance, with his severance pay upon retirement 10 or 15 years ago, he is not able to do that today though severance pay is linked to the minimum wage.

[Question] If we take up the present level of the minimum wage, is it possible to say, Mr Gureli, that it is meaningful and adequate?

[Answer] The minimum wage is intended to enable all who work to attain a level of income consistent with human dignity. The meaning and significance of the minimum wage is not in how many people receive it, but in the social thinking and principles involved. That everyone who wants to work should find a job is a consequence of the concept of the social state of our time and, likewise, giving a wage consistent with human dignity to everyone who works is also a consequence of the concept of the social state of our time. Let us look together at the report of the Select Committee on Food Problems Subcommittee from the third 5-Year Development Plan: What does a person need to have a balanced and adequate diet? A moderately active adult male needs per month 3 kilos of meat, 9 eggs, 7.5 kilos of milk and yogurt, 450 grams of cheese, 9 kilos of vegetables, 9 kilos of fruit, 1,200 grams of legumes, 12 kilos of bread, 3,600 grams of rice, wheat and pasta, 900 grams of solidified oil, 900 grams of liquid oil, 1.5 kilos of sugar, 750 grams of honey, fruit preserves and jam. This is just what ensures an adequate and balanced diet scientifically. Yet, never mind the ability to buy and eat this with the minimum wage, for most workers half of it would seem a luxury, like a dream. Employers, too dense even to figure out the productivity of a worker without an adequate and balanced diet, still fight the minimum wage. One reaction you get when you speak out about the need to raise the minimum wage is that it will be 2 years before it is changed. The purchasing power of the minimum wage, raised from 5,400 liras gross to 10,000 liras to be valid as of 1 May 1981, was outmoded within just 1 year.

[Question] Let me ask you this about wages, Mr Gureli: What do you think about the way the Supreme Arbitration Council works and the wage increases it deems appropriate?

[Answer] It is an obvious fact, both by the figures and by experience itself, that the collective labor contracts concluded by the Supreme Arbitration Council [SAC] have set back the workers' standard of living. However, the basic problem is not whether the SAC makes adequate wage increases, but the existence, structure and function of the SAC in the first place. Let us suppose for a moment that the SAC had made adequate increases. Would we as unions not have advocated the system the SAC uses? What is basically misconceived, what is basically wrong and what basically must be opposed is the system by which the SAC concludes collective labor agreements by itself. The present function of the SAC is fundamentally adverse to and in violation of the fundamental labor concept of collective agreement. And just think, the SAC is concluding 3-year contracts today. This means that there is no question of the unions concluding contracts for at least 3 years, that an important part of union endeavors has been superceded for at least 3 years. This is the basic problem -- the SAC system. As for the low and inadequate wage increases, this is a natural consequence of the system.

[Question] I would like to ask you this final question: Since restoration of pluralist democracy in what may be considered the near future is envisaged for Turkey, what kind of model should be adopted to achieve this goal? What should be the role of the wage-earning sector and the unions in this model?

[Answer] If the sound, uninterrupted functioning of pluralist, free, parliamentary democracy is desired, all sectors of society must contribute to the system. It is impossible to conceive of social balance without the contribution of the working sectors in particular. In formulating Turkey's new order, the contribution of more sectors and organizations in the governing mechanism must be ensured. In putting in place the rules of a true pluralist society and formulating its institutions, the function of the unions, as the workers' decision-making body, must not be strangled. The way must be open for the unions, an essential element of democracy, to contribute to democracy. The view that the unions should not interfere in politics must not be distorted or exaggerated and the socio-economic functions of the unions must not be manacled. Politics and party partisanship must not be confused. Certainly the unions are not a party, they are organizations concerned with the workers' economic interests. They must be independent of the parties. But one must not forget that the economy is not something that can be isolated from politics. Until the workers become a viable alternative in socio-political life, until this way is open, social discontent will be inevitable.

8349

CSO: 4654/338

FOREST PRODUCTION, CAPACITY, EXPORT PROBLEMS EYED

Istanbul DUNYA in Turkish 21 Jan 82 p 2

[Text] RESEARCH SERVICE--Our country, owing to its geographical location, is not a place generally suited to the growth of forests. It is necessary to say that we are in a touch-and-go zone as to forestry because we are on the southernmost border of the lush forest zone.

As if all these unfavorable conditions were not enough for our Turkey, we have the added distinction of having subjected our forest resources to long years of abuse, resulting in forest deterioration.

The results of an inventory completed in 1972 showed that our forests consist of 20,199,196 hectares. This is 26 percent of Turkey's general area. These forests covering 26 percent of our country are partially destroyed forests; 57 percent is deteriorated forest and 43 percent consists of normal wetlands and standing forest.

Our Forestry Harvest Capacity

The fourth and fifth 5-year plans set production from this deteriorated forest to increase by 27.4 percent. In making this designation, the plans also took into account the positive interventions to be made in the forests and the measures which these required.

Annual growth of our dry forests is 22 million cubic meters, 16.6 million cubic meters of which are conifers and 5.4 million cubic meters, deciduous trees. This annual growth, according to the management plans, in the standing forests is 16,819,878 cubic meters in selection, thinning, maintenance and clearing what we call ETA [as published]. Annual growth in our copse (in which residents have the right of woodcutting) is 7.903 million steres [unit of volume equaql to 1 cubic meter, used in measuring firewood]. The annual ETA obtainable from annual cuttings is set as 7.473 million steres.

Thus we see that the copse provides 25 percent of the total ETA of our forests. This being the case, the yield in the normal standing forest is 2.7 cubic meters per hectare. That is in the 16.8 million cubic meters overall. If we divide that by the standing area (which is 6.2 million hectares), we get $2.7 \text{ m}^3/\text{hectare}$. But if we include the irregular stands in this, the yield/hectare drops from 2.7 m^3 to 1.5 m^3 .

Here is how our harvest capacity, on which 1981 production was based, was set. As ETA, stumpage volume for 1981 in the standing forest was 16.7 million cubic meters. The ETA, as the basis for production, was 12.2 million cubic meters, 9.5 million cubic meters of which is conifer and 2.6 million cubic meters deciduous timber. As for the understory ETA, 4.4 million steres were produced as opposed to the ETA of 7.4 million cubic meters set as the amount to be produced. Firewood harvest was 17.328 million steres of trunk and branch wood for 1981. This is firewood harvested in the course of maintenance procedures involving reforestation and thinning during routine production.

Distribution of this for 1981 was: 2 million steres to the free market, 2.7 million steres to be passed on to industry from village market sales, 3.8 million steres also to the village market for firewood and 9 million steres as village individual requirements. This rate is thus 17 million steres.

It is seen that 1981 production together with the 3.8 million steres turned over from 1980 stocks met in full the market requirement for forestry products.

Obstacles to Production

Enhancing production in forestry: Activities such as setting limits, management, road construction and conservation are all important aspects of production in forestry. It is very important that they be carried out on time. However, the programs related to these activities are lagging far behind the plan goals. And the realization rate lags behind these annual programs. As the plan period for 1981 expired, nonrenewable productive areas had to turn over 900,000 hectares as excess.

This year, the authorities announced that in management, surveying, road building, production and reforestation, 326,500 hectares came under management in 1981 and 273,727 hectares were surveyed. In the same period, 800 kilometers of new road were built, while maintenance and repair of 684 kilometers of road were accomplished and building studies were completed on 871 kilometers of road.

A source for the financing of reforestation is a major obstacle to production.

As known, the Forests Directorate General is administered out of circulating capital and the circulating capital budget cannot cover production expenditures, general administration expenditures, expenditures to build the roads necessary for production, the difference between sale price and the allotment to be paid to the village producer as guaranteed under Law No 1906, supplemental budget expenditures and non-budgeted payments. Neither is it possible with this circulating capital budget to carry out reforestation sufficiently and to the extent set forth in the plan.

In 1981, 44,965 hectares were reforested, 25,958 hectares received artificial thinning, 3,000 hectares of range were improved and 4,334 hectares were brought under erosion control.

It is seen that reforestation in deteriorated forest areas would take 100 years at this rate.

Given these figures and this state of progress, we have a problem in applying the silvicultural practices in our forests appropriately, on time and in sufficient measure.

It cannot be said at present that our forests are getting the attention they should in sapling care, stand care and rejuvenation.

If one considers that production is a result of silvicultural practices, it may be said that the principle of continuity in forestry is obviously damaged when silvicultural measures are inadequate. Nevertheless, according to information obtained from past experience, the Forestry Directorate General stresses the principles of both economy and output in rejuvenation efforts and is constantly sending orders and circulars to the forestry organization about this.

Meanwhile, measures to be taken for the future of the forest involve applying standardization principles during harvest of forest products, production losses, the fact that the producers, workers and peasants are not equipped with the training and tools needed, the fact that the producer-forest workers turn harvesting to their own benefit during harvest by certain rights granted under Law No 1906, maintenance of immature trees and clear cutting. Heading our problem list is getting the producer-worker interested in this and the inability to use mechanization in the degree necessary in places where it is needed, in steep, rocky areas without roads, owing to lack of volume. We may also add problems of technical personnel, utilization of technical personnel and equipment and supplies.

Marketing, Exports, Solutions

A country's forestry level is measured by the utilization rate of firewood and industrial wood (furniture, pressed wood, etc.). In our country, until recently, 30 percent of the wood went to industry and 70 percent for firewood. This ratio has balanced out in the past 10 years, thanks to growing industry. The industrial rate has risen to 45 percent. In the developed countries, industrial wood use proceeds at the 70 percent-80 percent level and firewood use at 20 percent-30 percent.

During last year, 4.9 million cubic meters of firewood [as published; should read industrial wood] and 9.916 million steres of firewood were produced.

We must improve the existing capacity of the forest industry in order to reach the level of the developed nations. Steady success in this will come proportionate to equipping these sectors with sophisticated technology.

Turkey has 80 to 85 industrial establishments. It is seen that the total investment of establishments at the industrial level (excluding those at the studio level) is roughly between 85 billion and 100 billion liras. A significant portion of this industry was established in the past 10 years.

In a country with industrial potential domestic marketing and foreign sales problems, if significant, are the first ones requiring urgent solutions. Our domestic marketing problems will be overcome in the process of solving our

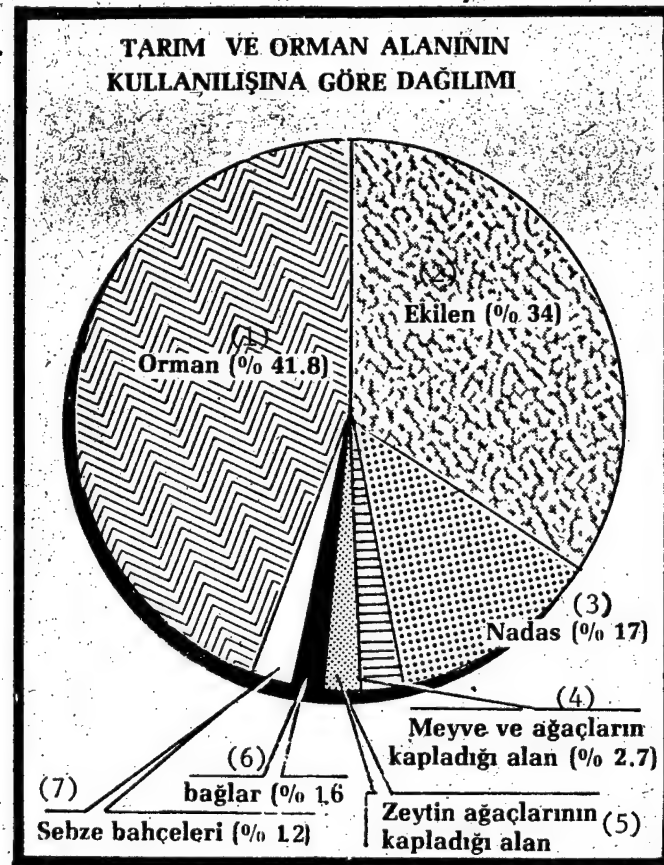
general economic problems. For sales abroad, we have to improve communications, shipping and freight charges, lift the 5 percent dock fee as well as return and expand our markets. We must surmount the maritime transport and port problems in our exports to northern African countries and then our already considerable exports to these countries will increase further. Once we get over the foreign exchange, shipping and red tape in our trade with the Middle East, we will see a steady increase in the opportunity to sell industrial wood (furniture, pressed wood, etc.) to these countries.

Turkey produced in 1981, 310,043 cubic meters of lumber, 145,890 cubic meters of which was softwoods and 164,153 cubic meters hardwoods. Forestry Ministry authorities [report] that 9,524 cubic meters of the lumber produced was exported, earning \$1,786,390,000 in foreign exchange.

We have a long way to go at present to be competitive with Europe and the EEC countries. These countries ought not to be viewed as markets for the time being, but it should be sufficient for us at the moment to keep and develop what we have.

In foreign sales, it is clearly seen that we will be able to move forward at the rate at which financing, foreign exchange, freightage, port and shipping problems and seasonal fluctuations are reduced to a minimum.

Agricultural and Forest Area Distribution and Use



/Key on following page/

Key:

- | | |
|---------------------------------|--------------------------------------|
| 1. Forest (41.8 percent) | 5. Olive orchards |
| 2. Cultivated land (34 percent) | 6. Vineyards (1.6 percent) |
| 3. Fallow (17 percent) | 7. Vegetable truck farming (1.2 per- |
| 4. Fruit orchards (2.7 percent) | cent) |

Agricultural Sector Investments
Third, Fourth Plan Periods

(Millions of Turkish Liras, 1978 prices)

| <u>Explanation</u> | <u>Third Plan Period</u> | | <u>Fourth Plan Period</u> | |
|---|--------------------------|-----------------|---------------------------|-------------|
| | <u>Plan Goal</u> | <u>Realized</u> | <u>Plan Goal</u> | <u>Rate</u> |
| Development of water and soil resources | 55.415 | 39.800 | 66.000 | 34.4 |
| Agricultural tractors, mechanical equipment | 43.430 | 56.250 | 72.750 | 38.0 |
| Other agricultural, live-stock investments | 14.815 | 10.324 | 29.750 | 15.5 |
| Forestry | 12.040 | 9.825 | 19.700 | 10.3 |
| Water products | 3.000 | 1.838 | 3.400 | 1.8 |
| | (Includes Machinery) | | | |

GNP Distribution in Agriculture
(Millions in Turkish Liras, 1968 prices)

| <u>Explanation</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Agriculture, | | | | | | | | |
| Livestock | 32.124.7 | 35.457.8 | 39.213.5 | 42.412.6 | 41.991.6 | 42.905.4 | 44.044.8 | 44.201.6 |
| Forestry | 1.036.5 | 1.119.8 | 1.334.5 | 1.237.6 | 1.139.1 | 4.399.0 | 1.401.8 | 1.432.6 |
| Fisheries | 281.7 | 309.9 | 340.9 | 324.9 | 924.9 | 440.1 | 540.4 | 692.2 |
| Total | 93.442.9 | 36.887.5 | 40.888.9 | 44.025.1 | 43.505.6 | 44.744.5 | 45.989.0 | 46.766.4 |

8349

CSO: 4654/149

EDITORIALISTS COMMENT ON OZAL MALATYA SPEECH

Ugur Mumcu Assesses Speech

Istanbul CUMHURİYET in Turkish 20 May 82 p 6

[Editorial] In his Malatya speech, Deputy Prime Minister Turgut Ozal said: "The alternative to our system is East bloc socialism..."

In the same speech Ozal claimed that "interventions by the state" were wrong and that an effort was being made towards the establishment of "a free market economy." Also, he once again emphasized that "liberalism was the underlying spirit of the economic system." Ozal smiled and said "no comment" in reply to requests from his compatriots that he enter politics.

Is East bloc socialism really the alternative to the decisions of 24 January 1980 or are there other options within this system? Is "liberalism" the system that we have inherited from Ataturk? There is no way to understand the things that Ozal is saying without finding very clear answers to these questions.

First, let us try to document through Ataturk's own words that his system was not one of liberalism. In 1936, as Ataturk defined the concept of state control which was being implemented in connection with the Second Plan for Industrialization he said: "The system of state control which is being implemented by Turkey is not a system that has been derived and translated from ideas that have existed since the 19th century. It is a system that derives from the needs of Turkey and that is particular to Turkey." He continued to say that "as can be seen, the road that we are following is a system that is different from liberalism..." This means therefore that Ozal's liberalism and Ataturk's state control are systems that are diametrically opposed to each other!

In that case, Ozal's argument that "the alternative to our system is East bloc socialism" is fundamentally wrong. In reality, Ozal's system is a "liberal model" that is based on foreign credit and alien to Ataturk's state control. For this reason, the "alternative" to this system is not "East bloc socialism" but Ataturk's "policy of the national economy" or state control. Moreover, it is with this policy that Turkey managed to overcome the crisis of 1929 which had scorched the entire world.

Of course, there is no opportunity to debate these matters in the "panels" organized in luxurious hotels by business circles and big bankers. The high circulation newspapers are also the defenders of this "liberal model." Among these we can count some of our friends who are "businessmen" as well as "chief columnists" and who are confused and misguided enough to want to include the measures of 24 January 1980 among "holidays" such as 23 April, 19 May, 30 August and 29 September!

Of course it cannot be expected that unscrupulous writers who keep one foot in chambers of commerce and the other skating on purple thousand lira bills, or that professors who owe allegiance to safes in holding companies will come out against this "model."

For this reason, Ozal can proudly proclaim that "the alternative to our system is East bloc socialism." He is able to make a succession of such statements because no one is there to offer a challenge. It is just as wrong to view Ataturk's economic policy as liberal as it is to view it as a Marxist economy. It is not as easy to change history or to ignore historical events as it is to change interest rate ceilings.

Ozal is the right-wing counterpart of those who say "Revolution is the only way!" Just like those who see no alternative to the road of "Marxist-Leninist" revolution, Ozal sees no alternative to, or the road other than the measures of 24 January 1980.

In fact, Ozal does not have a policy of his own and the decisions of 24 January are merely a program prepared by the International Monetary Fund. Ozal is a proponent of remedies forwarded by the International Monetary Fund. The only aspect pertaining to Turkey within this program is that it has been organized, adjusted and timed according to the "early election strategy" preceeding 12 September 1980.

Inflation, which through the citing of inconsistent numbers was said to have been stopped is once again on the rise. The incident involving the brokers is a very clear messenger of the bankruptcy of a system to which it is claimed that "the alternative is East bloc socialism."

Do you want an "alternative" Mr. Ozal?

Ataturk said in 1936 that "The road we are following...is a system that is different from liberalism."

What else is there to say?

Sukran Ketenci Eyes Thrust Of Speech

Istanbul CUMHURİYET in Turkish 20 May 82 p 6

[Text] In the Malatya speech which was delivered during his meeting with businessmen and which was widely reported by television, Minister of State Turgut Ozal complained that until today social development had been given

priority. He said that economic development should be given priority and that it would be appropriate for this to be stipulated by the Constitution. If the Constitution were to be modified in the direction proposed by Ozal, the principle of the "social state" which in our opinion is the most unalienable aspect of the Constitution would receive serious wounds.

This concern must have become widespread because during the same television news broadcast Labor Minister Turhan Esener emphasized the section on the Constitution that pertains to social rights. He said that even though certain objectives could not be achieved immediately, the Constitution and the state had to espouse the principles of the social state. Esener added that "the prevention of unemployment is a constitutional responsibility of the state." Saying that social development and economic development have to be considered in tandem, Esener maintained that priority could not be given to the economy.

Let us use an example to demonstrate the importance of this debate on constitutional principles or concepts: On 7 May a television briefing on labor issues conducted at the Prime Ministry by members of the Steering Council of the Turkish Confederation of Labor Unions was aired as a broad announcement on labor issues by Prime Minister Ulu. As a result we learned that the minimum wage would remain unchanged for at least two more years. Yet the purpose of the briefing organized at the Prime Ministry by the Turkish Confederation of Labor Unions had been the articulation of workers' problems and requests. These requests were not raised by the television program and according to very brief summaries that appeared in certain newspapers it became evident that the Turkish Confederation of Labor Unions was asking for a readjustment in the minimum wage and the setting aside of the Supreme Juridicial Council as soon as possible.

The arguments maintained by the International Monetary Fund and the socio-economic model inherent to the belief that "there can be no social development without economic development" as well as the measures of 24 January (1980) are the things that are being implemented.

The State Planning Agency has forecast an inflation rate of 25 percent for 1982. The Supreme Juridicial Council ignored Turkish statistics indicating an actual inflation rate of 40 percent as well as a figure of 65 percent given by European economists and fixed at 25 percent the maximum ceiling of wage increases in connection with labor settlements for 1982. This was justified on the grounds that "wage increases should be equivalent to the inflation rate." The 25 percent figure is the highest rate that is being foreseen for wage increases in 1982 contracts that have been reviewed to this date or that are currently under review. Let us also take a look at prices: According to Chamber of Commerce statistics, the price increases during the first 4 months indicate that the yearly rate of inflation will exceed 43 percent. Last year, as the yearly inflation rate reached 40 percent, the average monthly rate of inflation for the first 4 months of the year stood at 6.1 percent. This figure has been defined at 13.6 percent for the first four months of the current year. In brief, with this year's labor contracts workers will receive a maximum wage increase of 25 percent while price

increases will exceed 40 percent. We leave it to you to calculate the decline in workers' real income as the outcome of this situation. We will merely draw attention to the fact that calculations based on average social security payments indicate that workers' real wages in 1981 have fallen far below those for 1963.

So many things have been said and so many examples have been given in connection with the minimum wage that there remains no need to debate how someone can live as a human being on a gross salary of 10,000 liras. Moreover, today's minimum wage has lost more than half of its real value in comparison to the minimum wage of 1963.

Yet Turgut Ozal raises the issue by saying that "We cannot only think about the rights of employed workers while there are two million persons who are unemployed." Even if the issue is raised through such a premise, statistics from the Social Security Agency indicate that no new work opportunities have been created over the last two years and that there has been no increase in the number of employed workers. As advocated by Ozal, economic development is being given priority over social development. Will this choice bring about the salvation of the economy? While this point will be subject to debate by economists it is clear that the choice is bringing strain to those who work, to human beings. Moreover, although we don't know about the new constitution, such a choice falls in contradiction with the principles of our current constitution which have espoused the notion of the "social state."

9491

CSO: 4654/332

ERDEM DISCUSSES INVOLVEMENT WITH ISLAMIC DEVELOPMENT BANK

Istanbul CUMHURİYET in Turkish 30 May 82 p 6

[Text] Who is Kaya Erdem? He was born in 1929. He graduated from the Istanbul School of Commerce and Economics. After serving as Director of Accounting at the Seker (sugar) Company he occupied the following posts: Director of the Treasury at the Finance Ministry, General Secretary of the International Organization for Economic Cooperation, Assistant Director at the Finance Ministry, Finance Consultant in London and Chief Finance Consultant in London. Since 22 September 1980, Kaya Erdem has been occupying the post of Finance Minister in the Uluşu government.

Question: Mr. Erdem, during the sixth meeting of the Governing Council of the Islamic Development Bank and during the press conferences held in connection with this occasion you particularly emphasized the question of technology sharing and technology transfer between Islamic nations. You also emphasized the significance of this matter from the standpoint of the potential role that Turkey can play within the Islamic world. With your permission, I would also like to begin asking my questions from this point: When you talk about Turkey's role within the Islamic world, why do you emphasize this aspect of the question to such an extent?

Erdem: In my opinion, Turkey's technology, labor force and level of industrialization have reached a certain point after thirty years of effort. In arriving at this point Turkey has largely relied upon the West and Western technology. In the process of achieving this however, it has confronted great difficulties and costs, made great payments and gone into debt. Today, most of the Islamic nations are at the point that we were 25 years ago and for this reason; as a nation that has experienced all of these things we can make a significant contribution to those nations. We could transfer this technology to them at lower cost and this would be to our benefit as well as their's.

Question: Here you are saying that we can contribute to the development efforts of Islamic nations through more advantageous conditions and at lower cost than the West. Is the West less flexible than us concerning this matter?

Erdem: In connection with the West's stand over this matter, let me recount to you the episode concerning the sugar industry which Turkey has lived through.

In 1933, the Germans established sugar refineries in Turkey. The Germans built these factories in their entirety and this included the machines, facilities, lodgings, windows and windowpanes. When in 1945 I entered the Seker (sugar) Company as a trainee, German technicians still occupied key points and still ran the refinery. Despite the intervening 13 years, they had not taught Turks how to run the refinery. We acquired this technology through great struggle by making our chemical engineers wear work coveralls and work as laborers with the Germans. We virtually had to steal this technology in order to learn how to operate this industry. In 1953 and 1954, as 17 new sugar refineries were being established, Turkey had to purchase the assembly, machinery and steel superstructure of the refineries from abroad. In the 1970's Turkey reached the point where it could perform 90 percent of the processes involved in the sugar industry. Today, Turkey is able to build and operate new sugar refineries in Iran, Iraq, and everywhere else. How has this point been reached? It was reached as the result of a thirty year struggle. We are now in a position to transfer and teach this technology to other Islamic countries. We have this capability in the cement manufacturing industry, the glass industry, in textiles and in the iron and steel industry. Turkey could teach them in two or three years what it had to learn with great difficulty in twelve, fifteen years. Turkey could teach them without making them go through the same difficulties. The high level administrators and central bank officials from Islamic countries who have come to our country in connection with the latest meeting have seen this capability firsthand and have formed a much better idea about the role that Turkey could play in the Islamic world. For this reason I thought that it was extremely important that these meetings were held in Turkey.

Question: Sir, you state that there are mutual advantages in transferring our technology to other Islamic countries through intentions and terms that are much better than those of the Western countries. Can Turkey offer terms that are also advantageous from a production cost standpoint than those of the West?

Erdem: I would like to elaborate a little further upon this matter of mutual interest. As Turkey teaches them these things, it will instruct and train their workers as well as technicians. It will strengthen its relations and ties with them. It will also sell spare parts and later build a second factory. Turkey could secure very great opportunities and profits from these things. The Islamic nation ordering the construction of the factory and receiving the technology will obtain in two, three years those things which it would obtain with great difficulty in thirty years from elsewhere. Moreover, and this is the answer to your question, it would receive them at a much more advantageous price. In many instances we have seen Western firms bidding at cost levels that are twice or three times as high as our bids. Naturally they see this too and are moved to select our proposal.

Question: So can the Islamic Development Bank make any contribution to the competition existing between Western firms and Turkey or Turkish firms in Islamic countries? Or perhaps I should ask what form such a contribution would take?

Erdem: Now when we ask ourselves how we can compete with the West, the role as well as the significance of the Islamic Development Bank is once again made apparent. Precisely like the World Bank, the Islamic Development Bank would like to give priority to its member nations in awarding contracts for projects that it is financing. This gives us an advantage because from a technological standpoint Turkey is the most advanced among Islamic nations. There are not many Islamic nations who could compete with the projects which we could undertake and for this reason the Islamic Development Bank is in a position to give priority to our projects. Moreover, in the case of projects that we could not achieve alone; we could once again benefit from these resources to place ourselves between Islamic nations who place their confidence in us and the Western firms. By defending their interests vis-a-vis the Western firms we could play a significant role in the joint realization of these projects. Such undertakings would provide great advantages to Turkey.

Question: Until now the press as well as public opinion looked at the Islamic Development Bank as an organization from which we could obtain more credit than what we have been receiving from other credit organizations. We always asked: "What has this organization given us in the past and what will it give us in the future?" Now from your words I understand that the real significance of the Islamic Development Bank is in another area. Is this not important from the standpoint of modifying our perspective towards the Islamic Development Bank?

Erdem: The Islamic Development Bank is important to us from both perspectives. Until today Turkey has received a large share of Islamic Development Bank credits because it has produced a larger number of projects that are eligible for credit. Also, we have been able to benefit from the Islamic Development Bank for trade financing and in the financing of a portion of our imports. Consequently, over the last 5-6 years we received one out of every six dollars of the credit extended by the Islamic Development Bank. We were a little embarrassed because some of these credits were received from countries that are much poorer than us. In return, because Turkey very well understands the importance of being influential within the Islamic Development Bank, last year it became the country that most exceeded its quota in raising its contribution of investment capital. While everyone else provided 2.5 times their original quota, we provided no less than 6 times more than our quota which went from 10,000,000 to 63,000,000 Islamic dinars. Perhaps at first glance Turkey will not derive any benefit from this but the real significance of the matter is that Turkey will acquire the image of a country that can give to poorer countries and increase its contribution to the Islamic Development Bank as well as enhancing its influence within the Bank. To the extent that Turkey becomes influential within the Islamic Development Bank it will become influential in the orientation of projects that receive contributions from the Bank and will derive advantages. Keeping these things in mind, it is very important in my opinion for Turkey to contribute more personnel to the ranks of the Islamic Development Bank, bring about the placement of such personnel and become influential in the administration of the Bank.

Question: Have any decisions that could closely interest Turkey been taken at this year's meeting of the Islamic Development Bank?

Erdem: The establishment of a new and separate technical assistance fund was decided upon in this year's meeting. Turkey could greatly benefit from this. It is known that in international projects the party that has designed a project will very often be awarded the contract for the construction of the project. The consulting firm preparing a project will place sections within the list of conditions pertaining to the project that make it much easier for a firm from the same country as the consulting firm to win the contract. We now have great potential in the field of project design, and an increase in our opportunities for the use of this potential could create results that are very important to us.

Question: The financing of trade among the member states was often discussed during these meetings and the benefits that would be derived by all Islamic countries if such financing were to be developed were mentioned. Do any measures that would benefit Turkey in this field come into consideration?

Erdem: As I said a while ago, Turkey has utilized credits from the Islamic Development Bank in the field of trade financing to finance a portion of its imports. In addition to this and perhaps more importantly in terms of Turkey's future, the Islamic Development Bank can be of assistance in the area of export financing. Thanks to this, the selling nation would promptly receive the full cost of the goods being sold while the buying nation would buy the goods through a credit arrangement. By providing credit in this manner, the Islamic Development Bank would be interposing itself between two Islamic nations and making it possible for the two nations to engage in trade on a credit basis. This shortcut replaces the export credit system used by Western nations and naturally plays an important role in the expansion of the volume of trade between Turkey and other nations as well as among the other nations.

Question: A while ago you said that Turkey was in a different position but because public opinion is curious about this matter I will ask once again: What is the situation that Turkey finds itself in when it comes to obtaining credit from the credit markets of the world and in particular from Arab nations and organizations? Have these latest meetings and for example the contacts made with Arab bankers been of any use in this context?

Erdem: I believe that I said it a little while ago--we are continuing to receive credits for long term investments from the Islamic Development Bank. The two recent agreements signed in Istanbul have been reflected in the press. However, the topic to which we attach real significance is the fully positive development of our reputation vis-a-vis organizations in the international credit market such as the International Monetary Fund. When they see that we are no longer in the role of a supplicant their opinion of us becomes entirely different. The rules of this game stipulate that credit is extended not to those who are very much in need of credit but to those who are not. For example the American banks that created a thousand difficulties for us in past years are now themselves approaching us for the purpose of establishing

ties. Arab banks are volunteering to take the lead on credits extended to Turkey. For 5-6 years I have been participating in the meetings of the International Monetary Fund as General Secretary of the Treasury. It is when I went there last year as Finance Minister that I saw that the outlook towards Turkey had changed to such an extent that it could not be compared to the past. It is my belief that the stronger you become in foreign credit; the more you become prestigious as a nation and the more easily you receive credit. I believe that Turkey has crossed this hurdle thanks to the export boom that it has achieved over the last years.

Question: Mr Erdem, how do you perceive future developments?

Erdem: We must continue to emphasize exports. For example, we should take advantage of our improved credit standing to acquire 300,000,000 dollars in credit and use this sum to finance our exports. We must do these things because trade consists of such things. In my opinion, the road to economic independence lies in being able to convert to one's advantage the segment occupied by foreign trade within the overall balance of payments. For this reason, Turkey must very successfully take advantage of the highly attractive Islamic market through long term planning. We must understand that we must go towards wherever our interests lie. Westerners do this too in that someone like Margaret Thatcher feels compelled to bow to the King of Saudi Arabia. I think that this concept should finally become established and that a consensus concerning our national economic interests should be achieved. I also believe that very important responsibilities fall upon the shoulders of the press, the universities and professional associations in bringing about this consensus within a democratic framework. If we can achieve this, I see no reason why we should once again experience the difficulties of our recent past.

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CHANDERNAGOR INTERVIEWED ON EEC ENLARGEMENT, BRITAIN, AGRICULTURE

Paris LE FIGARO in French 15 Apr 82 p 2

[Interview with Andre Chandernagor, minister delegate to the Minister for External Relations for European Affairs, by Serge Maffert]

[Text] Text Tuesday, France will submit to its nine EEC partners a memorandum concerning the foreign trade of the Community and the means for responding to the double challenge with which Europe is confronted: that of Japan in industry and the United States in agriculture. This was revealed by Mr Andre Chandernagor, minister delegate for European affairs, in an interview granted our paper.

"It is time to come up with joint action," thinks Mr Chandernagor. "In the field of foreign trade, everyone in the Community is pulling in different directions and prefers to play a solo role. We will get something only if Europe speaks with a single voice. Unhappily, it prefers to stammer for the moment."

"The internal European space ought to be organized so as to utilize it in the optimum way," says Mr Chandernagor again. "As far as we are concerned, we desire it. But we set one condition on this project (which could, for example, involve the adoption of Community norms or the elimination of non-tariff obstacles that exist here and there) and that is to tie such an organization to a more active and dynamic foreign trade policy in two ways: a policy more aggressive for our exports and, I do not hesitate to say, more defensive in a number of cases. We should not have any complexes in this area. We are dealing with partners to whom any blow is fair, and too often we forget that we comprise the more open economic entity. One can be too angelic."

[Question] What is your overall impression of Europe today?

[Answer] We are undoubtedly passing through a period of moral crisis. Each among the Ten tries to claim "the clause of the most disfavored nation," which would permit it to derive the maximum advantage from the Community. Of course, it is mainly Great Britain that claims it.

But it must be made clear that it is not possible to set about this gigantic redistribution. A common policy would no longer be possible and we would very

quickly fall back into a Europe reduced to a mere zone of free exchange, with political cooperation added. This is not the concept that guided the establishment of the EEC, and it is decidedly not our own.

The British "Brake"

Question The French Socialists presently in power are generally convinced Europeans. Do you not feel a certain deception in contact with the realities?

Answer We have never had the feeling that this was an easy question. There is also the lost time. For 20 years I have been observing a kind of allergy of the French administration toward European construction. It never includes the European dimension in its studies and its plans. It is a current that one must swim against.

Question There are also our partners...

Answer Naturally, not all of the difficulties are of our making. In particular the attitude of Great Britain poses the most problems, but I did not expect it to be otherwise.

Actually, England will have to have time to make itself part of Europe. Either it will obtain a transformation of the Community in conformity with its requirements, or it will end up adapting itself to Europe if the Nine show enough determination. But, I repeat, it will take time.

And then there is the Federal Republic. I will not hide the fact that my main concern for the future is inspired by the attitude of that part of German opinion that says, "This Europe is pretty expensive for what it is." With Great Britain acting as a brake, for the moment at least the main force in the building of Europe remains the Franco-German tandem. This questioning by what is fortunately a minority faction of German opinion would pose a real problem if it develops further because it is linked in certain minds with the temptation toward neutralism."

Question What can be done, then, to revive the movement for Europe. France, in December, had adopted a series of propositions in the form of a memorandum...

Answer The memorandum is progressing despite the problems--that of the "British cheque" for example--or the blocking provoked by the "mandate of 30 May 1980," which established a link between the British contribution, the common agricultural policy and certain European initiatives. Today, all of these questions would have to be dissociated. But we have already obtained satisfaction on several points, in the field of energy, for example, or in scientific research.

The idea of the European social space is also progressing. Despite the divergences that exist on this point among the Ten, we are able jointly to discuss essential problems: the flexibility of the retirement age, cumulative on-the-job retirement, better training for youth and the reduction in the length of

the working day. On this subject, they are finally taking note of the fact that if it is quite necessary to have competitive economies, the very evolution of technology and the third industrial revolution that is starting will raise the problem in one way or another.

The Risks of Enlargement

Question And the enlargement of the Community to include Spain and Portugal?

Answer Political considerations at first dominated the welcome given by the Community to the candidacies of Portugal and Spain. But our partners are beginning to perceive that this prospect raises questions of very broad scope. What, in particular, will become of the operation of a Community of twelve. What, furthermore, will happen to the economic and political relations of the Community with the whole Mediterranean littoral: the countries of North Africa, Israel, Cyprus, Malta, etc. This merits reflection, for although it is quite praiseworthy to encourage democracy in the Iberian peninsula through enlargement, one should not run the risk of destabilizing the whole Mediterranean basin. These dangers and risks are beginning to be better perceived.

In this context, it is not a question of saying no to the entry of Spain. What we still say is that the negotiations should be more thorough and be conducted seriously to their completion. This is why we refuse to commit ourselves on a date.

Question There is still the catch of agricultural prices and the British contribution.

Answer I should like first of all to make a general remark. In the real world, agricultural production is not just a necessity to fight hunger; it is also a weapon that others use extensively. Why should Europe be deprived of such an instrument? This, in our eyes, is the importance of French agriculture and European agriculture, and therefore of a common agricultural policy.

With regard to agricultural prices, I will simply say that one cannot link setting them to the 1982-83 harvest, and particularly to what they call the "British cheque," namely, to the financial compensation requested by London.

It is not excluded that a rather broad consensus will appear on prices, if only among the Nine. This would already be a step. France is not the only one involved. Germany, the Netherlands and the others have their farmers too.

There remains the question of the British contribution and the famous "cheque." France does not wish the Community to tie itself to a mechanism that more or less automatically would announce its extension in time and space. Countries other than England would not fail to ask that such a system operate in their own favor.

One Idea: The "Return of Policies"

For its part, the French Government rejects anything that would be the equivalent of a "financial rebate," which would in other words permit Great Britain to recover in the form of assistance its contribution to the Community budget. On the other hand, we do not refuse Great Britain some additional years for it to adjust its economy to Europe.

Over the longer term, we do not reject a system that, for lack of anything better, I will call a "return of policies," which would make it possible to correct excessive financial imbalances in favor of countries whose contributions are greatest. It is not a question of recovering the full amount on this contribution but, through Community policies, of aiding the countries in question in such and such a field of activity in which they are particularly interested.

6108

CSO: 3100/609

NINE PROMINENT COMMUNISTS ATTACK PARTY LEADERSHIP IN PAPER

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 82 p 5

[Article by Solveig Rødsgaard]

[Text] "I probably had expected Knud Leihøj to react the way he did after his expulsion from the party, but I am disappointed that the others are not more mature."

These were the comments by the chairman of the Communist Party of Denmark, Jørgen Jensen, on a strong attack from nine Communists on the leadership of the Communist Party of Denmark. The attack was made in an article which the nine Communists had demanded be printed in LAND OG FOLK last Thursday, but since this could not take place, they sent the article to B.T. LAND OG FOLK is expected to publish the article today.

In addition to the expelled Knud Leihøj, the nine Communists are: his wife, Hanne Reintoft, who recently withdrew from the Communist Party of Denmark, Lars Bonnevie, author, Erik Clausen, artist, Steen Hartwig Jacobsen, sub-editor, Jane Rasch, a journalist at LAND OG FOLK, Carsten Clante, author, Per Schultz, author, and Kjeld Ammundsen from the Danish TV.

The article criticizes, among other things, the work of the Communist Party of Denmark in the trade union area. It says that the party's international position has no credibility, that each time the party experiences a setback it is being ascribed to anti-Communist witchhunt, that it is impossible to have a discussion within the party, that the party leadership puts restrictions on the debate in LAND OG FOLK, that the present leadership of the Communist Party of Denmark enforces an unsatisfactory political practice on the party.

Jørgen Jensen tells BERLINGSKE TIDENDE that all the things referred to by the nine are of an older date and date back to previous congress periods.

"It is true that the article is a disparagement of the party leadership, but it is just as much a disparagement of the party's many thousand members and the many members of the leadership and the executive committee. In their article, they do not point to anything which has not been discussed in the party. Their article will, for example, also be discussed at the next meeting of the central committee. Incidentally, we have received many reactions from members who are angry at the

article. The nine will, undoubtedly, encounter criticism within their party branches as well, for it goes without saying that the article is also an insult to their own party branches," Jørgen Jensen states.

The party chairman also says that the nine, in their article, refer to the work in the trade union area in an unprofessional manner.

"It is, altogether, a question of blatant disparagement, and the article is calculated to serve entirely different purposes," Jørgen Jensen says.

7262
CSO: 3106/130

POLL FINDS CONTINUED WEAK SUPPORT FOR ECONOMIC DEMOCRACY

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 82 p 7

[Article by Asger Schultz, director, graduate in political science, Gallup Institute]

[Text] The interest in Economic Democracy is not great and is apparently decreasing. This appears from the latest poll taken by the Gallup Institute to elucidate the position of the population on the introduction of Economic Democracy.

The institute has, at intervals, carried through such polls after the first Economic Democracy proposals were advanced and discussed prior to the referendum on the Common Market in 1972.

The latest poll was carried through in May of 1982, and a representative section of all adults (approximately 1,000) was, by way of introduction, asked the following question:

"The Social Democratic proposal on Economic Democracy has now been discussed for several years. Have you heard of or read about this proposal on Economic Democracy?"

This question, if anything, prompts an evaluation of the degree of "readiness" in respect of the Economic Democracy issue. It turned out that one out of five (19 percent) answered the question in the negative, and the figure must be deemed rather high against the background of the 10 years of political debate on the issue.

The same figure was ascertained among members of the Trades Union Congress, who are thus neither more nor less interested in the matter than others.

If, furthermore, the question is asked whether the people polled know about the joint fund, which, of course, is an extremely essential issue in the debate, approximately one out of five again drops out, and it is ascertained that "only" two-thirds of the population may answer that they have heard about Economic Democracy with a central fund.

The question was then asked:

"In the Social Democratic proposal it has been proposed that employers both in the private and the public sectors pay to a joint fund in which all wage-earners are to have joint property and which, with the money, will purchase shares in the trades and industries. Will you support or oppose such a proposal?"

The answer was as follows:

| | <u>Support</u> | <u>Oppose</u> | <u>No Opinion</u> | <u>Total</u> |
|--|----------------|---------------|-------------------|--------------|
| | % | % | % | % |
| Total: | 16 | 48 | 36 | 100 |
| To the right of the Social Democratic Party | 9 | 68 | 23 | 100 |
| The Social Democratic Party | 27 | 33 | 40 | 100 |
| To the left of the Social Democratic Party | 29 | 46 | 25 | 100 |
| Member of Trades Union Congress: | | | | |
| Yes | 23 | 46 | 31 | 100 |
| No | 10 | 64 | 26 | 100 |
| No opinion | 21 | 49 | 30 | 100 |

Only 16 percent support Economic Democracy with a central fund, and three times as many (48 percent) oppose it. In the poll taken in 1981, the two figures were 18 percent and 45 percent, respectively, so it may be said that there is a tendency toward increased opposition as well as less support.

As might be expected, the support is greatest among voters of the parties to the left, but there is not even a mere relative majority for Economic Democracy in any of the groups of voters. Among the members of the Trades Union Congress, exactly twice as many are opponents as supporters of Economic Democracy, viz. 46 percent as against 23 percent.

If it is true, as has been said, that Economic Democracy without a joint fund is an absurdity, it may, indeed, be a long time before Economic Democracy may be introduced, but even if one assumes that this possibility exists, thus Economic Democracy without a joint fund, it would still not be possible to achieve a majority among the population.

This appears from the answers to the following question:

"Do you, in principle, support or oppose Economic Democracy?"

The answers were as follows:

| | <u>Support</u> | <u>Oppose</u> | <u>No Opinion</u> | <u>Total</u> |
|--|----------------|---------------|-------------------|--------------|
| | % | % | % | % |
| Total | 31 | 38 | 31 | 100 |
| To the right of the Social Democratic Party | 22 | 56 | 22 | 100 |
| Social Democratic Party | 40 | 27 | 33 | 100 |
| To the left of the Social Democratic Party | 57 | 29 | 14 | 100 |
| Member of Trades Union Congress? | | | | |
| Yes | 39 | 37 | 24 | 100 |
| No | 34 | 45 | 21 | 100 |
| No opinion | 19 | 54 | 27 | 100 |

If the Joint Fund is dropped, the number of supporters increases from 16 percent to 31 percent, but a relative majority of 38 percent opposes Economic Democracy altogether, while 1 out of every 3 people polled (31 percent) has no opinion on the issue.

Among Social Democratic voters, only a relative majority (40 percent as against 27 percent) supports, in principle, Economic Democracy.

Among the members of the Trades Union Congress, it is "dead heat," which must presumably be said to be a modest result after so many years of discussion.

Altogether, it may be concluded that the idea of Economic Democracy does not attract too much attention, and that a popular support of the introduction of Economic Democracy with or without a Joint Fund seems to be rather remote, and that there are even indications that time does not improve the possibilities of the introduction of Economic Democracy.

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7262
CSO: 3106/130

CHRISTIAN PEOPLE'S PARTY SPLITS OVER 'FOUR-LEAF CLOVER' COOPERATION

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 82 p 7

[Article by Lisbeth Knudsen]

[Text] The Christian People's Party's Folketing group is now totally split on the question of a continued nonsocialist 'four-leaf clover' cooperation. Two of the four members of the Folketing group have stated that the 'four-leaf clover' cooperation has collapsed on account of statements made by Poul Schluter (Conservative Party) and Arne Melchior (Center Democrats). The group chairman of the Christian People's Party, Christian Christensen, however, wants to maintain the 'four-leaf clover' cooperation.

The hot debate during the last few days among the 'four-leaf clover' parties, which began with sharp statements in BERLINGSKE TIDENDE last Wednesday from the group chairman of the Center Democrats aimed at the Conservative leaders, now occasions the chairman of the Liberal Party, Henning Christophersen, to inform BERLINGSKE TIDENDE of pending talks with the individual party leaders within the 'four-leaf clover' cooperation in the near future in order to clarify the internal discussions.

It was Conservative statements to the effect that the 'four-leaf clover' government would not be the only alternative to the Social Democratic government which prompted the Center Democrats to demand a clarification from Poul Schluter of the Conservative Party on the association of the Conservative Party with the 'four-leaf clover.' Poul Schluter answered by saying that the 'four-leaf clover' certainly would survive Arne Melchior's attack on the Conservatives.

Following this clash, Arne Bjerregaard, a member of the Folketing of the Christian People's Party, said that he preferred a purely Conservative government to a 'four-leaf clover' government. The party's other member of the Folketing, Jens Steffensen, now states that the 'four-leaf clover' cooperation has been broken up by Poul Schluter and Arne Melchior, and that it, incidentally, never has been his cup of tea. He prefers a purely Liberal government. It was not possible yesterday to obtain a statement on the matter from the party's group chairman, Christian Christensen, but both at the party's national congress a short time ago and in all official statements he has adhered to the 'four-leaf clover.'

The chairman of the Liberal Party, Henning Christophersen, tells BERLINGSKE TIDENDE: "The position of the Liberal Party on this entire issue is clear. We do not want to participate in any discussion which will merely contribute to the happiness of Anker Jørgensen, and which will create uncertainty as to the alternatives. I should like to reiterate my request to the nonsocialist parties to stick together. The four-leaf clover is a hardy plant. It has previously been pronounced dead, but, each time, it has come to life again.

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CSO: 3106/130

PAPER COMMENTS ON EFFORTS TO FORM COALITION TO REPLACE SDP

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 82 p 8

[Editorial: "Summer Discussion"]

[Text] The basic rhythm of the political life in Denmark is marked by the fact that from Constitution Day [5 June] till early October, meetings of the Folketing are held only in exceptional cases. This is a custom which dates back to the times when a large part of the members of the Folketing were farmers. There is no longer any basis for that custom. Nevertheless, there may be good reasons for having a prolonged break in the meeting activities of the legislative assembly. In view of the fact that, during its last working week, the Folketing concluded its work on more than fifty new legislative initiatives, and that even in weeks with a not as heavy workload, there is a flow of acts and provisions from the Folketing, a break may be justified. Another good reason for the break is the fact that ministers and administration must have time to prepare the results of the finished Folketing year and to prepare the work for the coming assembly.

However, there are also good reasons against having such a break. One of them is that the political discussion has a tendency to stray from the subject when parties and politicians are exempt from their daily duties in the Folketing. After the government has had its March package passed, it will, in a sense, be on the safe side. It may prepare for the big political showdown which will come in the course of the fall. But things are different, as far as the parties of the Opposition are concerned. They have felt induced by the break to resume the discussion on the composition of a nonsocialist government. The Center Democrats attack the Conservative Party. Politicians of the Christian People's Party have conflicting views as to how a government may be formed and on the position of such a government in the Folketing.

In the middle of this, incidentally, often recurring summer discussion, it should be pointed out that the political main objective must be to have the present government removed. The necessity of this will increase through the fall unless the nonsocialist majority will silently watch the Socialist People's Party attain an ever increasing influence on the legislation. If the main objective is to be attained, this cannot take place through everlasting considerations as to the composition of an alternative government. On the contrary, the goal will become increasingly distant concurrently with the introduction into

the debate of one combination of parties after the other. But the goal will come closer at hand if an increasingly firmer cooperation is established among the nonsocialist parties within the so-called 'four-leaf clover' cooperation.

If the summer discussion is to continue, it, therefore, will be desirable for it to deal with the actual political issue: How to shape a coherent policy which may become a line in the work of the Opposition and a basis in the coming government work. But the work in this conjunction is performed better in joint meeting activities than in discussions on persons and combinations of parties.

7262

CSO: 3106/130

POLITICAL

DENMARK

BRIEFS

EEC, U.S. TIES--It is an embarrassment to Denmark's opposition parties that Prime Minister Anker Jorgensen has still not received an invitation from the White House for "political talks" in his capacity of chairman of the EEC, a post which he assumes 1 July. The nonsocialists' perplexity also contains elements of criticism of Anker Jorgensen for statements critical of the United States and a "passive attitude" with respect to NATO. Now, the United States itself is able to decide when Reagan will meet the spokesman for all the EEC nations, and if it seems practical to delay this meeting--as the United States did, for example, when the Netherlands occupied the chair--then let the Americans do so. Apart from the fact that the United States has no reason to criticize Denmark, Europe consists of free and independent democratic nations. The real problem in this connection is the U.S. attempt to halt West Germany's involvement with the Russians for natural gas supplies. This economic cooperation does not suit the Americans, and the Germans have reacted with strong protests against the U.S. policy of sanctions, calling it "contempt for the sovereignty of other nations." This natural gas issue is a more important EEC concern than the question of what President Reagan thinks about the Danish prime minister. [Editorial] [Text] [PM021139 Copenhagen AKTUELT in Danish 28 Jun 82 p 2]

CSO: 3106/132

SKDL MAVERICK BJORKLUND VIEWS WEAKENED POWER OF CP IN FRONT

Helsinki SUOMEN KUVALEHTI in Finnish 28 May 82 pp 38-40

[Article by Pekka Vuoristo: "Independence of Finnish Peoples Democratic League in Danger"]

[Text] The position of those not belonging to the Communist Party in the Finnish Peoples Democratic League has become weaker. The SKDL's independence with respect to the Communists has suffered. There is a danger that the SKDL will not be able to fill that opening which is being created between the Communists and the Social Democrats.

Thus states Ilkka-Christian Bjorklund, who is serving his last term as an MP. He is not satisfied with Kalevi Kivisto's chairmanship.

Ilkka-Christian Bjorklund, 35, is, as is known, an incurable idealist left over from the 1960's.

There was no demand for incurable idealists in the 1970's, particularly in the latter part of that decade.

Now that idealism is beginning to come back in style, Bjorklund is on his way. He is leaving the parliament after 10 years and has obtained a position as a general secretary in the Council of Nordic Countries.

He talks about his party, the SKDL, and its leaders from the liberated position of one who is leaving.

Since the establishment of the SKDL it has been argued whether the SKDL is an auxiliary organization of the Communists, as the strictist Communists would like to think, or a leftwing league formed on a basis of equality between Communists and Socialists.

During the Cold War the latter concept was forgotten. A new development began in the 1960's. Socialist Bjorklund considers that during his term as chairman Ele Alenius succeeded in separating the SKDL from its role as a cover organization for the Communists.

However, a reaction has occurred during the term of Kalevi Kivisto, who was elected chairman in 1979, states Bjorklund: The SKDL's independent position

and the opportunities for the Socialists to exert an influence have become weaker.

"The 1970's were exceptional. What was more important than organizational limits was how people thought. The Socialists had a better opportunity for exerting an influence than the Communist-oriented organizational machinery of the SKDL would allow.

"The Socialists have had more new ideas while the Communists have become wrapped in their conflicts."

In spite of the fact that the Socialists had a "momentary ideological hegemony", the position of the Communists within the machinery of the SKDL has become stronger in recent years according to Bjorklund.

"While Ele Alenius was chairman of the SKDL and was consciously a socialist who used his position the whole time to strengthen the position of the Socialists, Kivisto's attitude toward the Communists has been more traditional."

Kivisto and the Communists

Bjorklund argues that Kivisto has in individual decisions even supported the Communists against the Socialists.

As an example he mentions Kivisto's appointment as a minister into Sorsa's government. The Socialists wanted Kivisto to remain as chairman, and the Socialists in the SKDL's governing body or the so-called socialist committee unanimously decided to propose Lauha Mannisto for the government.

"Relying on the Communists' apparatus Kivisto, however, secured his position in the government. Now for the first time the SKDL's Socialists are being represented in the government by someone other than a socialist candidate."

Must an SKDL chairman promote the cause of the Socialists?

"It is a question of how he feels about his obligations. Thus whether the SKDL is a support organization of the SKP and he is a chairman of a kind of civic organization or whether he is a socialist who emphasizes the significance of the SKDL as a cooperative organization of Socialists and Communists.

"Kivisto has adopted a role by which he represents the SKDL in an outward direction. Only after being subjected to pressure did he consent to spend 1 day a week in the SKDL office."

The Socialists in the SKDL's federated council or the so-called socialist delegation recently decided that the Socialists will establish their own organization within the SKDL and it will function at the local and national level.

According to Bjorklund it is a question of strengthening support. The justification for this is that the positions of the Socialists in the SKDL have become weaker.

There are also other justifications.

Filling a Vacuum

Regardless of what finally happens with respect to the Communist Party, it will remove itself further away from cooperation with the Socialists according to Bjorklund's understanding. If a "communist compulsory conciliation" is achieved in the SKP, the influence of the leftwing will increase. If the result is a party split, the factions will be forced to compete among themselves for the favor of the Soviet Communist Party.

While at the same time the Social Democrats are sliding to the right in an attempt to keep the votes gained by Mauno Koivisto, an ideological and political vacuum is forming between the parties.

"The SDP's leftwing, the SKDL's Socialists, and many Communists are seeking a synthesis of democracy and socialism. If no one is able to fill the vacuum being created, we must either choose socialism without democracy or democracy without socialism. At that time many People's Democrats may vote for the Social Democrats," predicts Bjorklund.

What Bjorklund means by democracy is respect for bourgeois political democracy and by socialism he means socialist property relationships.

"Democratic socialism is not any kind of a new goal, but the quest for it is once again timely even internationally. It should be a goal created on the basis of a Western European reality and an SKDL that is independent and Finnish.

"Only by carrying out an independent, credible policy not dependent on the SKP can the SKDL fill that ideological-political vacuum. If the SKDL swears itself to obsolete classicalism at the propaganda level, if it maintains an artificial front of Eastern European Socialism as its goal, but in practice is only able to accomplish a slightly more vocal reform than the Social Democrats, then in practice it is nothing more than a second grade edition of the Social Democrats. Then people would rather elect the first grade edition."

In Bjorklund's opinion the difference from the SKP must be made credible:

"The SKP can explain what it wants if it does not dare to take a stand on the most fundamental questions. If there is talk about a lifestyle and silence about Poland, people have the right to assume that the SKDL is not capable of accomplishing its goals."

A New Party?

If the SKDL is not able to fill the vacuum between the SKP and the SDP with an "independent policy", those found in the vacuum will be faced with an ideological choice. This is what will happen if the SKDL remains only a "cover organization and an election machinery for the SKP", states Bjorklund.

"At that time it is possible that a new leftwing party will be formed in the space between the SKDL and the SDP. Previous experiences with this have not been encouraging. But a social demand is now indeed apparent even though nothing of the kind is yet in the making."

Bjorklund criticized the SKDL for being leadership-heavy and authoritarian and long-suffering with respect to the trauma of the SKP's underground era: "Development has indeed taken place, but has it been as fast as the development of the rest of society?"

In Bjorklund's opinion a new leftwing party could receive additional power from the so-called alternative movements; "a free leftwing red-green movement" could be born.

At its congress being held this weekend the SKDL is also functioning within the framework of an alternative concept. "With its 'lifestyle' theme it is striving to clarify whether society has developed in a manner which the SKDL has not taken into consideration.

"In addition to the positive aspects of this lifestyle discussion, there is also the negative aspect that it is covering up other important questions. Kivisto is the one who has brought up the lifestyle discussion. On the one hand, he has been so cautious in his attitude toward the basic questions of socialism that in many issues I do not know what is policy is."

According to the understanding of the layman the alternative movements and the traditional desire for growth on the part of socialism cannot in the final count live under the same roof even though the alternative movements are frequently labelled leftwing.

"The conflict is not irreconcilable. For example, just as the Soviet Union as the first socialist state comprehended that peaceful coexistence must take precedence over the class struggle in international relations, Finnish Communists must be able to comprehend that the class struggle over the distribution of the fruits of nature is waged within certain limits.

"The traditional socialist manner of thinking regarding its attitude toward nature has already encountered this realization."

Unsuitable for the Salons

In criticizing the SKDL Bjorklund has repeatedly emphasized his own futility. He says that every MP is faced with a conflict which occurs when support for a certain policy is sought from the rank and file and then one must come out against the accomplishment of that policy.

"For me this conflict is especially great. Because of my policies, I have been behind the scenes in the position of a leper, unsuitable for the salons."

Bjorklund refers to the so-called Euro-socialist concepts, about which he initiated a controversy in 1978. The gist of the message was that Finnish

Socialists were to determine whether they should aspire to a system of socialism already existing here or to something else and that solidarity with the socialist countries should not result in intellectual dishonesty.

Bjorklund calls himself "one who opens up minds" in a double sense: he initiated the discussion -- and opened up minds.

"Thus I have been forced to suffer from labels which are unreasonable. In no other party would I be labelled anti-Soviet. In this party in which one must declare whether one wants a Soviet system here or something else, this can happen.

"This results in absurdities. Any Finn knows how absurd it is to argue that there are anti-Soviet forces in the leadership of the SKP."

There is something preposterous in the fact that the SKP's information chief, Oiva Bjorkbacka, who energetically spread information about Bjorklund's unsuitability for the salons at the 1979 congress of the SKDL, is now himself on the "anti-Soviet" list.

The Myth of Socialism

In connection with the discussion in 1978 Bjorklund states that he experienced a peculiar kind of ahaa-experience in making the rounds of the SKDL's primary organizations:

"I noticed that the goal of socialism even within the SKDL has been allowed to dry up into a myth. The rank and file in the primary organizations reacted to it in the same manner that hypocritical Christians react to the kingdom of heaven.

"If an immediate passage to heaven is promised, these so-called Christians become frightened. I presented the goal of socialism as real, and the Socialists became alarmed.

"It is not even assumed that the present generation of socialists will make the transition to socialism. Thus it has been possible to keep up the front that everything is in order in the existing form of socialism.

"If socialism as a social goal is only a myth, then it is not even worth discussing. But if it is taken seriously, we must also talk about those urgent issues which concern our relationship with existing reality."

10576

CSO: 3107/134

MAGAZINE PREVIEWS COUNTRY'S UN DISARMAMENT MOVES

Helsinki SUOMEN KUVALEHTI in Finnish 28 May 82 pp 28-30

[Article by Ossi Tuusvuori: "Finland Wants Guarantees, UN's Second Attempt"]

[Text] It has been 4 years since the first UN special session on disarmament. On 7 June delegations representing 157 countries in the world organization will come together for a session that will last a full month and will deal with feelings and issues that are already heated from before. This session will also bring to New York a considerable number of world leaders. What are the prospects before this meeting which will be exceptionally important from the point of view of Finland and the whole world? Ministerial Counselor Paavo Keisalo has followed the work of the disarmament committee in Geneva for a long time, and he explains which will be the toughest nuts to crack at the meeting and why.

The difficulties and the less than expected modest results of the first special session in 1978 have taught UN diplomats, at least those who have conducted the day-to-day negotiations on disarmament, to be cautious with respect to the second session.

Politicians have begun to express increasing interest in the June meeting as the date approaches. During the spring, statements have been made regarding the participation of summit level politicians.

It is natural that the greater the number of world leaders who will come together to give speeches, the greater the interest in this special session. The success or failure of this session will in the final count, however, be determined in the work groups dealing with the various issues, in which a consensus will be sought between the East, the West, and the nonaligned countries.

Nuclear Weapons Given Primary Importance

At the 1978 session nuclear weapons were given primary importance and the same will be repeated at this year's session according to Paavo Keisalo. This in spite of the fact that the nuclear powers and countries belonging to military alliances will be discussing this issue. Strategic calculations surrounding this question are complex and affect the positions of the superpowers.

Unreserved support cannot be found for nuclear disarmament from one single nuclear power and least of all from the United States. When the Soviet Union considers in its relations with the West that nuclear weapons will not be used, it does this with the knowledge that its own army is well-equipped with respect to conventional armaments as well as size.

Correspondingly, the idea of China proposing an immediate destruction of nuclear weapons is impossible for both superpowers, states Keisalo. Indeed, China has the largest army and, for example, India at least has the potential to create such an army. Inasmuch as nuclear weapons are destroyed without any limits placed on the size of conventional weapons and armies, the security of these giants would improve significantly with respect to others.

But the program of measures compiled in 1978 also contains negotiating priorities for reducing all weapons of mass destruction and conventional armaments. The reduction of armed forces is clearly mentioned as a fourth priority. In practice disarmament can only be advanced with negotiations occurring simultaneously with respect to all these areas.

Nuclear Test Ban Arouses Controversy

The accomplishment of a total ban on nuclear tests seems already in advance to be politically the most problematical question. Indeed, a consensus in the question of verification, which is important from the point of view of weapons monitoring, was achieved at the last minute at this spring's session of the disarmament committee. At the same time it was decided to establish a work group to prepare an agreement on prohibiting nuclear tests.

Even though the accomplishment of a complete nuclear test ban treaty seems at this time to be closer than it has ever been since 1963 when a partial nuclear test ban treaty was concluded, in the opinion of Ministerial Counselor Keisalo there are still many problems inherently connected with the content of the agreement itself.

A nuclear test ban has been the stumbling block for multilateral negotiations for quite some time already. The trilateral discussions on this issue between England, the Soviet Union, and the United States came to an impasse. The same happened to the 1980 revision conference on a nuclear test ban treaty, at which unanimity could not even be reached on the final document.

In addition to a nuclear test ban, nuclear disarmament as well as the question of providing security guarantees to non-nuclear states are also politically problematical.

Disarmament Program Still Only a Rough Draft

The 1978 special session placed an obligation on the Geneva disarmament committee to prepare a draft on a total disarmament program for the next session. In fact, the CPD is the only issue which should actually be approved at the second session.

However, the discussion of this program will in practice become a hard nut to crack by the special session. Instead of presenting a completed 10-page consensus text, the session will now be faced with three parallel texts of a rough draft nearly 50 pages in length. Also the disarmament committee's report to the special session is replete with profound differences of opinion, which will rise like yeast dough in the hands of delegates from 157 countries.

According to Keisalo it is more probable that an approval of the final program cannot be expected until the 1983 general session. In the interim a committee made up of 40 countries will have to discuss this issue in the next three sessions. And there is much to deliberate since so far unanimity has been found only on the question of the program's priorities, thus on the question of principles and objectives. There is a tendency to understand the measures in various ways in all three of the various groups.

According to Keisalo the nonaligned countries are maximalists in striving for a program which will cover disarmament from this day forward until the last weapons are destroyed. National maintenance of public order and the UN's peace keeping committee would be allowed, but otherwise the program would be accomplished in 20 years in 5-year increments.

The compilation of a program on this basis is not acceptable to the East any more than it is to the West. Even the nonaligned have been persuaded to abandon a juridically binding agreement, but even this is not sufficient. The West is promoting a kind of inventory of what should be accomplished. The program draft proceeds from the fact that disarmament essentially depends on the international situation at that particular time. Possible measures can only be anticipated in 5-year periods.

The proposal of the socialist countries for a program is only a rough draft of the version propounded by the nonaligned. They are prepared to approve 5-year periods, but not so much out of a belief in this issue as for tactical reasons, states Keisalo. Objectives without a time limit are considered as a kind of compromise.

Finland Wants Guarantees

Keisalo does not expect anything revolutionary from speeches on the general discussion at this summer's special session. They will be more like declarations of programs and presentations on timely international questions. The Falkland Islands question will certainly make its own contribution unless a solution has been reached by June.

The question of a security guarantee will be the exception according to Keisalo. At the previous special session the nuclear powers made unilateral statements promising security guarantees to non-nuclear countries, and now they could be presented with an excellent opportunity to improve and cultivate their statements.

However, in Keisalo's opinion there are no real great probabilities of this except perhaps on the part of France. Its declaration did not achieve the

level of the others and for this reason it has aroused little interest. Also a joint proclamation among the nuclear powers, which would better satisfy those promoting security guarantees, seems to be improbable.

Together with Sweden Finland has forcefully promoted the accomplishment of a security guarantee system. In their opinion the Security Council should play a decisive role. One alternative would be a resolution on this issue by the Security Council, which would include declarations given by the individual nuclear states. A concrete proposal has been made on this issue, and a decision will be made at the special session. However, the possibilities of its passage are minimal.

In addition to security guarantees, nuclear-free zones connected with these very guarantees are naturally close to the hearts of Finland's promoters of disarmament. Keisalo also mentioned chemical weapons, the research on which in our country is of the highest level. A total disarmament program is the fourth central issue. But the issue of decisive importance is membership in the disarmament committee, which will be determined during the summer session.

Will Finland Be Left Out?

Finland has been knocking at the door of the disarmament committee for a long time already, but it has had to be satisfied with the role of an outside observer without official membership in spite of its praiseworthy activism. There has been a special representative of the Foreign Ministry as an observer in Geneva since the 1960's, and since the CSCE meeting there has been a permanent ministerial counselor-level official at the site of the negotiations. Under the guidance of Esko Rajakoski initially and then Paavo Keisalo Finland has participated in the work of the committee and its work groups more actively from year to year.

According to Ministerial Counselor Keisalo membership for Finland is very important since we are already now participating in the work of the committee more actively than many actual members. Membership would not just mean an increase in prestige and recognition for sincere activism, but also an enormous alleviation from the point of view of practical work economy. Now Finland remains outside of all the unofficial discussions and one individual is compelled to chase after papers in vain.

In March Under State Secretary Keijo Korhonen even presented an official request for membership in the committee. It is intended to revise the composition of the committee the next time at the special session beginning now. The committee itself was supposed to present a proposal on a possible augmentation of the membership, but in the report now approved for the special session it is confirmed that consultations on this issue will continue during the special session.

According to Keisalo this indefinite statement is the worst alternative from the point of view of Finland's prospects for membership. Since only Austria,

Norway, and Turkey in addition to Finland have expressed a desire for membership over the spring, it is probable that in June there will be twice as many candidates for membership.

Power of the Nonaligned

Not only are competing countries opposed to Finland's membership, but also the committee itself, in which the socialist countries as well as the Western countries are cool to the idea of increasing the committee's membership. The nonaligned countries are naturally ready to increase their stock in the committee from the present 21 members. Since the committee has not officially proposed even one new member, the nonaligned have an opportunity to increase their share by means of their two-thirds majority at the special session.

The United States as well as the Soviet Union have declared that there is no need to increase the size of the committee in the near future. The East bloc emphasizes that it as well as France have been included for only 2 years and the committee should still be given time to find an operational format. In their opinion it is a question of the fact that the parties involved lack a political will and that the committee could work more diligently and all year round.

Unanimity prevails with respect to the fact that the committee could improve its work and that, for example, the work group system should be reformed. There is also a readiness on the part of two or three countries to expand the committee inasmuch as an agreement can be reached on this. In the opinion of the present members a very small addition would not mean an actual expansion.

How will Finland finally fare in this struggle for a place in the Mecca of disarmament?

10576

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PROBLEMS OF NORTH-SOUTH DIALOGUE REVIEWED

Paris LE MONDE in French 3 Jun 82 p2

[Article by Jean-Benoit Frèches, conference director at the
Institute for Political Studies]

[Text] Since the muddled ending of the Paris conference in June 1977, the North-South dialogue seems to have faded from memory. Its international economic issues have been relegated to the back burner, at the very time they have grown pregnant with peril.

At Versailles, France will quite properly place stress on the worldwide deterioration of the economies of developing nations: the second oil shock hurt theirs far worse than ours, witness the quantum leap in the foreign indebtedness of those developing countries which are not oil exporters from \$33 billion to \$98 billion, a sum equal to more than 5 percent of their gross internal product. This year, though, OPEC's surpluses, the essential exchange for debt recycling, will be reduced to the simplest possible expression. Their foreign indebtedness reached the staggering total of \$525 billion in 1981, after having multiplied by 2.5 since 1976. Private loans, at rates less favorable than public loans, account for half of it, whereas only 10 years ago they were all but non-existent. Last year, service on that debt came to \$110 billion. At the same time, aid to development (\$19 billion in 1976) did not "raise any prices." The \$28 billion committed in 1981 represents a smaller fraction of the GNPs of the rich countries than the 1976 figure.

Misfortune, however, is good for something: economic disarray is so severe in the OECD countries that are inexorably approaching the disastrous level of 30 million jobless that they cannot deal separately with the threats which the Third World's troubles now pose to the world economy. Realism demands that they stick together.

If we are to avoid a repetition of yesterday's discontent, four hazards must be avoided:

1. The first North-South dialogue set itself too broad a horizon. Mr Giscard d'Estaing, to whom the new international economic order was "putting balance into exchange, activities, currencies, and revenues," as he said in a lecture at the Ecole Polytechnique on 29 October, 1975. If the "19 + 8" (19 developing countries led by Venezuela, and the seven richest nations plus the EEC headed by Canada) could not manage, however long they talked, to reach agreement on the essential, wasn't it because the problems clustering around those four topics had become inextricably intertwined?

Wouldn't it be more helpful to deal first with the crucial issues: those of the truly needy nations? Globally, the food situation has not improved at all in 20 years. In relation to the number of inhabitants, and taking 1963 as base 100, in 1980 it was 103 in Asia, 98 in Latin America, and 93 in Africa. Imports of cereal grains by the famine-stricken countries rose to 35 million tons in 1976: the 1981 figure will be close to twice that. These figures prove that any discussion -- certainly any agreement -- on the food question can show immediate results.

2. The sometimes painful revisions made in the courses plotted by way of examples should caution prudence this time. If the notion, newly respectable again, that development is not merely economic but "cultural" and "social" as well is so popular, isn't it because it expresses a shift away from yesterday's "models?" Whether development be based on industrialization, on replacing imports, on soft technology, on microelectronics or on ruralism, every nation must travel its own road, provided only that its identity is preserved and protected.

3. It would be wrong to lay the blame on the United States for all the current tergiversation. No question but that its stickiness over institutions and procedures is bothersome. But, in the wake of Mr. Kissinger's remarks about the excessively high oil bills in 1975 and 1976, Mr Cyrus Vance said in June 1977:

"We need a new international economic system, a system that provides room for equity, for growth, and above all for justice. Are we ready to play our part in building this new system?" These good intentions on the part of the Democratic administration led to no more practical results than any of the others.

Doesn't it smack of hypocrisy to blame all our present woes, including those of the developing countries, on American interest rates, when all economic relations tend inexorably to swell the dollar balances?

4. The final danger, a corollary to the first three, is the meagreness of practical results, which makes every subsequent

of talks or resolutions less credible than those before it. To escape the pitfall of discouragement, we must be able to point to some real successes, and very soon. To this end, we must rely increasingly on the men and agencies of the public as well as the private sector, the people actively engaged in all the processes of trade and development. There are no noble and no base methods of development. There are architects and corporate cadres in the developing countries who know a great deal more about technology transfers than do a lot of international officials who frequent the "round tables." Inversely, the international institutions should be able to enrich the private sector with their capabilities in the areas of analysis, getting people and agencies in touch with one another, in synthesis and in training. When are we to see the implementation of the "GIDs", those pooled economic interest groups for development, which could provide a comfortable and fruitful matrix for the association of all legitimate interests concerned?

When that happens, we can retire that tired old warhorse that jogs so wearily around the closed circuit of commissions, organizations, and other institutions that devour people's energies and enthusiasms, rather than letting them shine forth and warm us all.

6182

CSO: 3100/744

KYPRIANOU RAPPED FOR WANTING POWER 'AT ALL COSTS'

Athens EXORMISI TIS KYRIAKIS in Greek 8 May 82 p 12

[Editorial: "Grievous Slander"]

[Text] The government has espoused an irrevocable principle on the issue related to the internal problems of the Republic of Cyprus: the principle of non-intervention--meaning to avoid making any suggestions concerning the trends of political developments in Cyprus. All Greeks have, however, the inalienable right to be interested in these developments, to discuss them and to express an opinion about them. This is even more true because the whole of Greece has been mobilized in a struggle of support to our Cypriot brothers in all fields, and to a pan-European and world campaign for a just solution which would have as a basis pre-condition the withdrawal from the tormented island, of the shameful and indisputable invaders.

If the overwhelming majority of the Greek people is bothered at all by the known agreement between AKEL and Mr Kyprianou's party (because there is also a minority which disagrees with that agreement), it is only because Mr Kyprianou is at this moment president of the Cyprus Republic. This agreement--which is supposed to be carried out in the event of an election victory--does not agree with the declared common principles agreed between Athens and Nicosia. It is unthinkable that different things will be carried out until the time of the elections and different things will be carried out after the elections, in case of a victory of the AKEL-DIKO [Democratic Party] front. This is the real problem and not the alleged anti-communism or the disparagement of a party which represents a great part of Cypriot Hellenism.

This is what we have to say about expressing an opinion on the known agreement. However, there is another subject we would like to mention. It concerns the shameful insults by AKEL--a partner of Mr Kyprianou--against the Greek Government and the Greek prime minister; comparing him with those who led Cyprus to the tragedy in which it lives today, as well as the miserable likening with Denktash, the extreme right and the representatives of the imperialists of the West and other miserable statements.

We comprehend the irritation of AKEL's leadership about the Pan-Hellenic feeling, not about its position on the national issue which is very well known, but about its one-sided and unnatural alliance with Mr Kyprianou, who

is at this moment president of all the Cypriots, and it is this capacity that he talks to the Greek Government and addresses himself to all peoples of the world from the international tribune. We understand the irritation of AKEL's leadership that has evidenced itself even though threats to renounce the agreement which is so precious for AKEL; we do not believe that such a disavowal will ever take place. However, we do not understand and we do not accept the insults against the Greek Government and its prime minister who is supported by the people. Unless it is not a question of a case of a loss of coolness, but a conscientious and methodical attempt to undermine the precious panethnic consensus, an indispensable condition for the success of the gigantic effort undertaken by Prime Minister Andreas Papandreou for a just solution to the Cyprus problem. It is an effort which is being realized every day and every moment and which will not be brought down despite the sad events it is facing, events that cannot be covered up by the screams and the charges of alleged intervention in the internal affairs of the Cyprus Republic.

We do not understand either how is it possible that the president of the Cyprus Republic tolerates--until now at least--similar insults against the Greek prime minister, coming from his new political comrades.

It is said and it is easily understood that Mr Kyprianou has the noble ambition to continue offering his services to the Cypriot people and the national cause from his position of president of the republic. Not, however, instead of every sacrifice.

8193

CSO: 4621/353

NEW KKE (INT.) CENTRAL COMMITTEE SECRETARY PRESS CONFERENCE

Athens I AVGI in Greek 22 Jun 82 pp 5, 6

/Press conference given by Giannis Baniias, new secretary of the KKE (Int.) Central Committee, on 21 June at the Marmara Hotel in Athens/

/Text/ Comrade Giannis Baniias gave his first press conference as secretary of the KKE (Int.) Central Committee at noon yesterday at the Marmara Hotel. The main purpose of the press conference was to present the political decisions taken by the KKE (Int.) Central Committee at its congress and at the same time to give representatives of the press the opportunity to meet the new leadership of the party. This was also emphasized by Comrade T. Benas who, as a member of the executive office, opened the press conference. We present below the entire text of both the opening statement and the answers given to questions by reporters.

All the Forces of the KKE (Int.) Mobilized

The Third (11th) Congress of our party must be appraised within the context of the new situation created in our country after the people's victory of 18 October 1981. All discussions held as well as all decisions taken had as their main goal a better and more effective intervention by our party in political developments and in the fight for a substantial change leading to socialism. With this meaning, the isolation of our intra-party work from its real political context, as has been done by one segment of the press, distorts the picture and work of our congress.

We have already stressed the open and democratic nature of the congress. It is not merely a question of freely expressing differing opinions, something we consider as self-evident. It is mainly a question of an attempt for substantial participation of the entire party in formulating the decisions that were finally made without prefabricated solutions. Within this context, the various (and often sharp) opinions and views that were heard and that surprised certain people or that gave others reason to happily infer that the KKE (Int.) was becoming disorganized, were nothing other than an altogether normal procedure for our party that consists in forging unity with differences of opinion in complete contrast with a well-known enforced unanimity in the communist movement.

Collective Will of the Party for Mobilization

The decisions taken by the congress on this basis of democratic procedures and that refer to the political situation, the duties of the party, the problems of building up the party as one renovated communist organization, as well as the problem of shaping a new leadership, all express the collective will of the party. All party members and cadres will be mobilized to implement the decisions. In this connection, we believe that --without ignoring the weaknesses that became evident-- our overall congress work contributed very significantly to a further democratic maturing of the party. At the same time, it constituted an important contribution to the promotion and development of a more general democratic culture in the political life of the country.

I do not believe that it is necessary to say much here in connection with the change in the central committee and the election of its new secretary and its executive office since much information has already been given out repeatedly and publicly.

I would only like to emphasize that the change in the central committee did not come about on the basis of some generational conflict but in direct association with ideological-political criteria that originate from the need for strengthening the renovationist communist nature of the KKE (Int.) and its closer association with the mass movements, and, above all, the worker movement. As for the election of the central committee secretary and its executive office, the conclusion arrived at aims at a synthesis of all the revolutionary experiences of the party with the simultaneous promotion of a new fighting generation capable of implementing in the future what we call renewal with continuity. Of course, all of this did not occur with the old-time religious unanimity, that the /other/ infallible /communist party/ lays claim to, but with substantial discussions, various opinions, and, of course, with votes that finally expressed the desire of the majority. Of course, this does not mean that all problems have been magically solved. The main point is that on the basis of the decisions of the congress and the central committee, the central committee as well as the organs that it selected and all the guiding party organs will work for the further strengthening of the unity of the party and its cadres, deepening and making ever more substantive the democratic operation of its organizations, developing free dialogue in all problems where there are differing views and opinions and rejecting every exclusionist opinion or methodology.

In connection with the party decisions and the line the congress determined for the party, I believe certain clarifications are in order.

Dangerous Exacerbation of the International Situation

The international scene presents a dangerous exacerbated situation. The tragedy of the Palestinian people has shown, more than anything else, the impasse created for the peoples of the world by the current situation of international relations, bipolarity, the balance of terror, with unbridled armaments, the competition of the superpowers and the corresponding military-political alliances, as well as the dangers of general destruction. We are facing a world crisis that is not simply economic in nature nor is it restricted to the many-sided crisis of the capitalist system and imperialist policy at the expense of the people and liberation movements. It is also a crisis of the countries of "existing socialism," of the Soviet "model" and of hegemony that is organically linked to it. A crisis, that has led to many impasses in these societies, is expressed with sharp clashes, as the violent repression of the labor movement for a democratic socialist renewal in Poland and is sealed by the actions of Soviet intervention in the internal affairs of other countries.

We, the KKE (Int.), stress the significance of the development of a truly autonomous movement for peace. The historic role that a democratic and socialist Europe can and must play against the logic of bipolarity and alliances, the perspective that the European communist movement is opening up for the reestablishment of the power of the ideas of socialism and for overcoming the impasses with a broader rallying together of forces and with a strategic alliance of the worker movement of the developed countries together with the revolutionary movements of the Third World.

Within this context, we are examining more specifically the problems of the international relations of our country and the defense of national interests, especially Turkey's aggressive policy, the strengthening of the struggle of the Cypriot people, the need for a steady course for getting out of NATO (the first stage being withdrawal from its military structure), as well as the immediate elimination of the American bases that are located on Greek soil.

The Fight for Change from Independent Positions

As for problems that are associated with the current internal political situation and our own positions, I would first of all like to say that any characterization of the KKE (Int.)'s policy as "pro-PASOK" or "anti-PASOK," as reflected in certain newspapers, is inaccurate.

Our party acts in an independent manner and takes independent positions on all problems, especially vis-a-vis major problems related to the promotion of the course that the people's victory of 18 October 1981 opened up. And from these positions, we believe that, despite the positive steps realized up to now, the government is far behind not only in PASOK' pre-electoral pronouncements but in the possibilities offered by true alignment of the forces of the country for the promotion of a substantive Change.

We consider as especially negative and dangerous the manifest tendency of the government to subject the mass people's movement to its own rules, denying in practice the independence of mass organizations and, more specifically, of the trade union movement, as well as the energetic participation of the people in the drafting and making of decisions on all levels. The government's stance in the struggles of the OIELE /Federation of Greek Private School Teachers/, the EDP /expansion unknown/ and the bank employees strike is very characteristic, as is its retreat on the "anti-330" labor bill which, as finally voted on after many interventions and pressures, does not fully realize the possibilities that existed for a more complete democratization and modernization of the trade union movement that comprises an essential condition for the course for Change.

Despite this, we are not confronting the PASOK government from hostile positions nor do we seek its isolation and the undermining of its authority in the eyes of the masses. We judge its work from the viewpoint of the interests of Change and with full consciousness of the joint democratic responsibility for the success of the course that opened up with the victory in October 1981. We put up a solid front against the Right and its undermining policy. And we reject the policy of sterile negation and cheap demagoguery being followed by the dogmatic communist party.

I would like at this point to make clear that although the KKE (Int.) is working to overcome the retreats and capitulations of the government and for the promotion of Change based primarily on the mass people's movement on a broader unifying base, it has at the same time made completely clear its strategy on the issue of the promotion of the unity of Greek communists. We reject any idea of a "welding together" of the two parties, i.e. the KKE (Int.) with the dogmatic communist party, that is being expressed with the downgrading of the deep differences that separate us both as concern general problems and views on the role of the popular masses in the revolutionary process, on autonomy and non-dependence on foreign "guiding centers" as well as all problems of direct political practice. We proclaim once again that the unity of the Greek communist movement is organically linked with the promotion and success of the historic task of its multilateral and deep renewal and with the victory of renovationist ideas.

Programs for Struggles by the People Themselves

In the KKE (Int.)'s perception of the conduct of political struggle, first place is given not so much to proclamations of intention but to concrete intervention with programs for struggle by the people themselves in all general and specific problems. The congress oriented the entire party in this direction. We believe that acute problems of the moment are the economic one, the course of the trade union movement, trade union elections and the forthcoming municipal elections battle.

As far as economic problems are concerned, we have presented our position analytically and publicly. For that reason I will restrict myself to merely emphasizing our basic criticism of the policy being followed by the government which is attempting to overcome the economic crisis with conventional capitalist prescriptions. More specifically, with supporting private capital primarily. And also with the continuation of the operation of the public sector on the basis of serving private capital mainly and without the necessary radical reform of the internal operation of public enterprises with concrete participation of the workers in its administration, in programming and control so that all of their activity will be determined by social needs in the context of a more general democratic programming.

In the trade union movement, the attempt at guidance being undertaken by the government is apparent. The composition of the GSEE [Greek General Confederation of Labor] leadership leaves little margin for its being differentiated from governmental policy. We support efforts for the development and broadening of these margins for the interest of the fighting unity of the workers because we are completely aware of both the need for a steady front against the disruptive efforts by the Right as well as the fact that an essential condition for the restoration, the democratization and popularization of the trade union movement is its complete independence from both the government (any kind of government) and all parties without exception.

We completely disagree with the government's practice that identifies the necessary politization of the trade union movement with party partisanship. And we also disagree with the non-application of the use of the pure and unrestricted simple proportional representation system for trade union organization elections, as well as for all sectors of our social and political life. We support the struggle of those forces in the trade union movement (foremost being the AEM [Antidictatorial Labor Front] and other innovative movements) that are fighting for trade union independence and are aiming at securing all the guarantees for a true democratic GSEE congress.

Special Significance of the Municipal Elections

As far as the municipal elections are concerned, the KKE (Int.) Central Committee discussed this matter over the past few days. A basic finding is that these elections in the present situation are of special political importance. The general direction of the party consists in strengthening the conditions for the greatest possible rallying together of the forces that want and can fight for the development and realization of legislation for self-administration and promotion of municipal problems.

In a period when the broadening of the jurisdiction of the local administration is being planned, the greatest possible implementation of this course has great political significance, contributing more generally to the rallying together of the social forces of Change. In every single instance, it should be pointed out that the KKE (Int.) will fight to put forward its own independent positions and its own independent program for local administration, both generally and

in each specific case. And in those cases when it will support coalitions for cooperation, an indispensable condition extended for such cooperation will be that it be conducted on a basis of complete equality of the joint program.

A steadfast aim of our party will in any case be the strengthening of our position in the local administration organs.

Before ending this short briefing, I would like to emphasize the significance of the organization by the KKE (Int.) of a series of political demonstrations in the major cities of the country including, of course, the I AVGI festival this year and the THOURION festival in September. The first such demonstration will take place the day after tomorrow on the Kallithea sports field where we will have the opportunity to communicate directly with the people to set forth our positions and policy as described by the Third (11th) Congress of our party.

Programs for Struggle, Mass Movement, Municipal Elections

The first question was submitted by Nikiforos Andonopoulos, with the following points: (1) how is the "favorable correlation of forces" being expressed today?; (2) is there any change in the KKE (Int.)'s policy on the issue of NATO and the bases (in correlation with demonstrations against Haig)?; and (3) will the KKE (Int.) enter the forthcoming municipal elections independently or in cooperation with other forces in special areas?

G. Baniyas answered that as for the favorable correlation of forces there was a change with the October 1981 elections where the broad forces of the people had become aware of the past and fought for a series of changes that had been supported both by the present government --when it was in the opposition-- and the entire spectrum of the other democratic parties.

"We also believe that a factor of this correlation of forces is the big percentage that was expressed with the votes garnered by the democratic parties in these elections.

"These two factors give us today the assurance that in many areas, and especially in those that are related with the confrontation of the economic crisis, the government should have exercised a much more bold and consequent policy of changes that would have opened up broader prospects for overcoming the crisis and that would have promoted the issue of democracy and change more quickly.

"We do not ignore the fact that there is a big problem, that the labor movement, in all these years before the elections, could not organize to the extent it had to and in its fight to promote more energetically these demands. We cannot, however, talk about a way out of the crisis today without having measures that are not supported mainly and exclusively by private initiative but that would open up possibilities for the development of the public sector and that would also relate to the problem of the participation of the workers

in the centers where decisions are made. And in this context, we believe that the government should have moved forward much more boldly in taking these measures and we also believe that conditions exist for it to truly embark on such a course."

No Change on the Issue of NATO

"In connection with NATO and the bases, the position of our party," G. Baniass said, "has not changed. The KKE (Int.), from the very outset of the change of the governments, had supported as a positive measure the withdrawal of our country from the military NATO. And we had stressed at that time that this withdrawal had to be consolidated --because we had pointed out that this measure had not been secured-- and had to constitute a stage for a more general disengagement of the country from both the military and political structures of NATO.

"This today remains the position of our party. Namely, we consider that the first stage, the first step, must be our withdrawal from the military structure of NATO, and the gradual, careful of course, removal of all foreign bases from Greek soil. We nevertheless note that following the elections such a policy is not being pursued by the government, especially during the recent past."

Referring to the mobilization of the KKE (Int.) on the occasion of Haig's visit, the KKE (Int.) secretary said that demonstrating was a militant position "because our party believes that problems that relate to issues such as those as our relations with NATO or the maintenance of American bases must not be discussed without the people.

"As for the municipal elections, the position of our party is that in every case we will be examining the factors of the problem, and in this particular situation, a very important role will be played by the organizations themselves --in each region-- of the KKE (Int.) in the choice of the arrangement, by region. At any rate, our general principle is that in today's phase where new possibilities are being opened up for legislation of local administration, we believe that conditions today are more favorable for the pursuit of broader cooperation of political and social forces. And from that standpoint, the general course that our party has mapped out is to pursue this broader cooperation of democratic forces --cooperation that, in our view, will deepen even more the defeat of the Right.

"This problem, however, does not depend solely on the desire of our party alone. And, of course, it is related to the conditions with which this cooperation could take place. More specifically, we consider that an indispensable condition for any form of cooperation is that this cooperation must be based on certain principles, the basis being some programs with a specified direction and especially the basis of equality. At any rate, our organizations are getting ready from now on for any eventuality: either a

possibility of working with coalitions or else going along independently, according to each circumstance."

Municipal Elections and Simple Proportional Representation System

T. Benas, member of the executive office, commented that from the First Party Congress (in 1976), the KKE (Int.) had taken a position for the disengagement of Greece from NATO. So, there is no change in line. As for the Haig issue, the general opinion was that Haig was coming to Greece to put pressure on the Greek Government and that the demonstrations had the meaning of a protest against American policy. Moreover, we do not believe that the demonstrations that we held have weakened the government. As for the municipal elections, T. Benas said that we remain unyielding on the issue of the simple proportional representation system. We consequently do not agree with the government's electoral law which, although it is more flexible than the existing system, has no relation with the simple proportional representation system.

Change is Not a Dilemma Problem

In answer to another question (by Vasilis Margaras of the German press agency) in connection with the view that "PASOK's positions will not get by easily," and that the adoption by the KKE (Int.) of more intransigent positions --in the style of "What Papagos, What Plastiras?"-- could possibly bring about additional difficulties, Giannis Baniass said the following:

"First of all, I want to stress that we are categorically opposed to every view that sets the problem as a dilemma, with the meaning that we identify PASOK's policy with a policy pursued in the past by the Right.

"On the other hand, we are aware of the reactions we already have had from the instruments of authority and from the dynamic centers of authority, and we believe that such reactions will persist in the future and will perhaps be even stronger.

"The problem thus presented is how will we confront this important issue that is called "course for more substantial change," and especially how will we confront the problem of getting out of the many-sided crisis that is plaguing the Greek economy

"It is therefore not a question of some more conciliatory or more intransigent positions of our party that could hinder the course toward change. It is a question about the way these problems will be confronted from the very outset. And here we have a different view of the overall effort for broadening democracy and promoting change. If, therefore, a method is lacking as well as those concrete measures and directions that will gradually lead to getting out of the economic crisis, it is not possible to move forward substantially on change."

Intervention by the President of the Republic

Question (Ar. Manolakos, ELEVTHEROTYPIA reporter): How does the KKE (Int.) view the latest political intervention of Mr K. Karamanlis, president of the republic?

Answer: We believe that this is a very delicate matter because it concerns relations of the president of the republic with the government, and more generally-speaking with developments. And it is evident that from the constitution itself, as it was voted on, the president of the republic, with his increased powers, is a center of power in our country, regardless of how much it is used or exploited each time. And I say that it is a delicate issue because one must evaluate in what direction this intervention went. It is clear that we are, in principle, in favor of substantive democratization in all levels of life in the country. If now the intervention by the president of the republic has the nature of placing some conditions on this issue of democratization, I must say that we will be opposed.

The president of the republic referred to issues related to the armed forces of the country, speaking about attempts to bring in party politics. Of course, our party too is opposed to such attempts. However, we consider that the effort for a greater democratization of the armed forces is a substantive factor for the democratization of the life of the country. Consequently, if this effort is made --and we believe that it must be made-- in no instance whatsoever does it lead in the direction of involving the armed forces in party politics.

The president of the republic also referred to issues of foreign policy and to supports that the country must seek in its foreign policy. If this means that our foreign policy should remain in the well-known dogma of the Right, namely "we belong to the West" and that our policy should be determined on this basis, then we would also be opposed because we believe that these problems must be solved in a different manner. And if, moreover, the words of the president of the republic mean that in certain issues of democratization certain limits must be placed, that is, that democratization --and I do not refer only to democratization of the armed forces-- must not go beyond certain limits, we would again be opposed to any such concept.

It is, of course, evident that the comments by the president of the republic contain an ambiguity. The government itself confirms that there is no difference in what the president of the republic said and in the policy it is pursuing. If, therefore, this means that there is no intervention in the direction of democratization, then in this sense we too say that we will not be opposed. Since, however, these matters are unclear, I made clear our own position on the substance.

Question (Th. Oikonomopoulos, Greek Radio and Television): The KKE (Int.) has up to now supported all strikes and demands made by strikers. Does this perhaps mean that in the future it will continue to support every economic demand and every strike without some criterion?

Answer: I must first of all say something that our party has repeatedly proclaimed, namely that the participation of the people in making and shaping of decisions is a substantive factor in the democratization of the life of the country. And it is, in fact, a basic support in the effort and course toward more substantive changes.

In this sense, I would say that claims by workers who often express themselves with the weapon of strikes, but not only with that means, are not always and exclusively concerned only with financial demands. They also concern institutional demands.

Our party does not always indiscriminately support all demands put forward, especially financial ones. What it does always support, however, is that the people must participate in the making of decisions and in resolutely pursuing the promotion of their own demands. We will follow this position in the future too. On the other hand, let us not forget the strong pressures that big capital is putting on the government to influence its policy. Pressures that I must say are not without consequence, and we have many examples in this regard. One such striking example was the trade union law.

We consider that the popular factor must always be present, that the people must fight and the government must seriously take this into consideration and rely on the people. Only in this way will the issue of democracy progress and the issue of change be realized.

G. Banias referred to the issue of the bank employees strike, noting that the KKE (Int.) was from the very outset in favor of the view that there is a problem of understanding among all parties concerned, the government, the trade union organizations, OTOE /Federation of Greek Bank Employees Organizations/, so that a solution might truly be found with the full responsibility of these parties. And we believed from the outset that it was possible to find a solution.

We, nevertheless, believe that the way in which the government is confronting the problem, that is refusal to enter into a dialogue, does not lead to a solution.

At this point, Babis Georgoulas at first and then Takis Benas analyzed in more detail the position of the KKE (Int.) on the issue of worker strikes and the criteria with which the KKE (Int.) is confronting these problems.

Specifically, Takis Benas gave examples of cases --as, for example, the case of the government workers which the KKE (Int.) did not support the idea of a strike. However, as for the bank employees strike, he mentioned that no collective work agreement had been signed for this year. He said that during the

proceedings for the signing of a collective work agreement, the issue of a flat rate of pay came up. From that point on disagreements began and the further developments ensued. Therefore, why should we seek party and political motives in a strike that started out from bargaining for a collective work agreement, as, for example, had occurred in the DEI /Public Power Corporation/ and Olympic Airlines, but which in this specific case of the bank employees was frustrated because of the issue of a flat rate of pay had arisen?

Special Issues of an Ideological Nature

Question (P. Stangos, THESSALONIKI reporter): What is to be done concerning the proceedings that have begun on certain basic issues, such as the name of the party and certain ideological problems prior to the congress but were left, by a decision of the congress, to be discussed at a later date?

Answer: As for the name of the party, there was an explicit decision that the name remain as it is today: "KKE (Int.)." There is no suspense on this issue. Of course, it is another thing if in the future some comrade, as is his right to do so, or some party organization, on the basis of data created by developments, might bring up such an issue. At our proceedings held prior to the congress, we had put forward certain matters of a real ideological nature in the form of changes in the presently existing charter in force. These were issues that concerned the meanings of "Marxism-Leninism," democratic centralism, proletarian internationalism, and so forth. A fruitful dialogue ensued. And it was judged by a great, I would say overwhelming, majority that these problems should be the subject of more in-depth discussions by the party. That is, that we consider that speculations that had been made up to now would serve us to develop dialogue from now on around these most important issues which, moreover, do not occupy our party alone but also the other European communist movements.

The Nature of the Dogmatic Communist Party

In another question by P. Stangos, "With what forces does the KKE (Int.) think it can form alliances today" and if the KKE (Int.) is an "alliance-tending party," G. Banias answered as follows:

"We must make clear that we consider the issue of the struggle for Change not as a subject exclusively and only of alliances at the summit but as a subject of an alliance of broader forces. This means that a series of issues that relate to movement forward, etc., that concern broad social and political forces. On the basis of this concept, we move forward each time to necessary alliances, either in the mass areas or on the political level. As far as the dogmatic communist party is concerned--as we call it-- it is a party with characteristics that prevent it from playing a constructive role in the area of democracy and more generally in the area of socialism, with democracy and freedom. It is a question of its strategic outlook, the approach to the issue of the masses and their role in revolution, as well as the outlook on revolutionary methods. It is a question of confronting the model of socialism

that it views as a copy of the Soviet model, without democracy and freedom and without the masses being the protagonists in the building of socialism. It is finally a question of its daily practice, evident in every instance, of intending to direct the mass movements. And in all of this is the big problem of dependence on foreign centers.

"On the other hand, we must, nevertheless, say that it influences a significant segment of the masses that follow the Left, and this, not only from an electoral standpoint but also in the mass movement. Consequently, it is for us a problem of dialogue with these forces that the dogmatic communist party is influencing, these forces that we also consider to be motivated --because they are a segment of the worker class and the mass movement. And they are necessary to bring about this broader spectrum of the democratic forces in the issue of Change. For that reason I said at the outset that we look on the issue of alliances not only on a political level or on a summit level. With this meaning, we seek to ally ourselves with those forces that are being influenced --temporarily we hope-- by the dogmatic communist party, in this effort for change, for democracy and socialism."

PASOK and the EEC

In answer to another question by M. Belkas, MAKEDONIA reporter, as to how the KKE (Int.) sees the government's policy on the issue of the EEC and how it evaluates the government's handling of the Cyprus issue in the light of the latest internal developments (DIKO /Democratic Party/-AKEL), the secretary of the KKE (Int.) Central Committee said the following:

"We consider as a positive step the change in PASOK's policy vis-a-vis the EEC, its perception for some adjustments to be made that will place relations of our country with the EEC on a different level. We believe, however, that PASOK's position does not exhaust all possibilities so that we could ourselves contribute to what we call a 'Europe of the workers.'"

The Cyprus Issue

As for the Cyprus issue, G. Baniass recalled that the KKE (Int.) had taken a position on this matter. "We have stressed that the issue of the struggle for the solution of the Cyprus problem must not go out of the framework prepared by Messrs Papandreou and Kyprianou. A few points in the DIKO-AKEL agreement have shown that there has been a shift in the handling of the Cyprus issue. In this sense, we thought that it was not correct."

The OTOE Strike

In answer to a question concerning the OTOE strike, G. Baniass said that the issue of the bank employees strike is not being incited either by the dogmatic communist party or the Right, but it is an issue that is being supported by a broad spectrum of trade union forces in the bank employees area. This was shown at our last congress. Within this spectrum is our own party and very

strong independent forces. The OTOE asked that it have negotiations with the banks and it forwarded an appeal to the prime minister to intervene, as he had done, by the way, in the past when he was leader of the honorable opposition and when he had really facilitated the finding of a solution to the problem. The PASOK government's wrong approach to the strike issue gives an opportunity to those forces that want to undermine the government to wage a political battle. Nevertheless, this is not to say that we must conclude that the demands of the bank employees are "purely political demands" or that their aim is the undermining of the government.

'Unity With Differences'

In answer to a question by Sofianos Khrysostomos, I AVGI reporter, on how the KKE (Int.) is expressing "unity with differences" at this time, in opposition to the well-known "enforced unanimity" in the communist party, G. Baniass said the following:

To answer in epigrammatic form, I would say that this unity is being expressed through the declared intentions of all forces of the party, its members and cadres to fight, on the basis of the congress decisions, regardless of whether or not they agree or disagree with them. Of course, there are in our party --and we consider it a healthy point--even today, differences on important issues. Nevertheless, solutions to problems are sought through the deepening of democratic procedures. And thus the possibility is created for us to have a common stance despite differences. There is also an awareness that there are different viewpoints towards the current reality of the PASOK government, but there is one guiding line of the party from which we will now move forward. And, of course, there is still the fact that we are today in a fluid political situation and that within these conditions, on the basis of the general framework that our congress marked out, we will move forward.

What is most important is that, in reality, there is no in advance unanimity. The differences that exist in our party --with the meaning, however, of seeking ways to be able to succeed in a better synthesis of our opinions-- will also be discussed publicly because we believe that anything that happens in our party concerns the people.

Question (Levtheris Mavroeidis, I AVGI reporter): It was written yesterday that within the context of the government reshuffle, the possibility of its being broadened to include the KKE (Int.) is being discussed. In fact, the name of Leonidas Kyrkos was mentioned as a possible candidate for a ministerial post. Have any kind of feelers been put out?

Answer: We too saw this information in the newspapers. No kind of feelers have been put out. As for the substance of the matter, it is evident that on the basis of our general concepts on the issue of change, this issue is one of broader forces, collaboration in this direction, that is, the direction of strengthening the spectrum of those forces that are fighting for change.

Therefore, for us this collaboration is desirable. In this sense, we are, as a party, open to talk about any proposals whatsoever that would have as a point of departure some such approaches, and it is not be excluded that someone from our party might be a candidate for a ministerial post. I repeat, a basic criterion for us is the effort for the greatest possible broadening of the spectrum of forces that are fighting for change.

Next, G. Gatos, ETHNOS reporter, asked "How does the KKE (Int.) judge the continued tergiversations of the Papandreou government?"

The KKE (Int.) secretary said, "It is evident that there are tergiversations, retreats, made by the government that do not facilitate the issue of change. We are clearly opposed."

Mr Konstandaras, AVRIANI reporter, asked about the unity of the communist movement.

Comrade Baniass stressed that from 1969 we had developed another concept about the communist movement --as to how we are moving toward socialism, about democracy within the party, about disengagement from dependency, about the role of the workers-- the only perception that can bring out the movement from the sideline where the policy of the dogmatic communist party is leading it. We, as well as other forces of the renovationist Left are cultivating this perception among the people.

Finally, in answer to a question by L. Mavroeidis as to "how he senses his role as party secretary," G. Baniass answered as follows:

With the new conditions, our party, based on the observations that were made during the congress, is moving forward to the organization of its forces for the implementation of the congress decisions, implementation that is the joint subject of all the forces of the party and the broad forces of the Left. As far as I am concerned personally, what I can say today is that I already can feel how heavy this task is. We are moving forward into the struggle all together, old and younger communists, resolute in our fight to create better conditions for our party.

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CSO: 4621/412

ECONOMIC, POLITICAL COOPERATION WITH ALGERIA SEEN LIMITED

Athens I KATHIMERINI in Greek 14 May 82 pp 1, 8

[Article by our correspondent Nik. Emm. Simos: "Limited Possibilities for Cooperation with Algeria"]

[Text] Algiers--Prime Minister A. Papandreou's visit to Algeria was concluded yesterday without the impressive results that would have underscored a particularly successful trip. This can be said because the implementation of the general and particular agreements concluded during the trip has been left primarily to the good will of Algiers; the Algerians do not seem willing to give priority in their economic cooperation with other countries to factors such as friendship, at the expense of factors that contribute to more advantageous trade. Furthermore, the Greek side apparently has not succeeded in securing substantive support in its struggle against Turkey over the Aegean. It should be pointed out that the subject was not even mentioned in the communique issued after the talks between Mr A. Papandreou and President Bendjedid. Mr Papandreou thus confined himself to describe his talks on the subject as "productive." Diplomatic circles translated the common decision not to mention the Greek-Turkish dispute in the communique as the result of the views expressed by the Algerians; these views were not considered to be supportive of the Greek positions on the problem. The same circles also called to mind the close ties between Algiers and Ankara, and the fact that Algeria was one of the countries that reserved its right to sign the new Law of the Sea Treaty; this treaty recognizes a 12-mile territorial waters zone; it also recognizes that islands have a continental plateau.

EconomicExchanges

Specifically, with regard to economic cooperation, the agreements signed--both the general and the political agreements--provide that a considerable number of prefabricated houses will be built by several Greek companies, at a total cost of 250 million dollars--including the cost of the houses. No special provisions were made, however, for direct measures that should be taken to implement what has been agreed.

Moreover, it is indicative of how the Algerian look upon economic cooperation. In an area that has the greatest possibilities for foreign exchange

benefits to the Greek side, namely shipbuilding and ship repairing, the Algerian Government simply informed the Greek officials about shipbuilding and ship repairing requirements, without going into details that could be characterized as being a prelude to some concrete form of cooperation that would be implemented in the future. This was so because in order to promote their own shipbuilding program--amounting to 250 million dollars that includes fishing vessels, petroleum tankers and bulk carriers--the Algerians will call for international bids in about 3 months. And, of course, the program will be won by those who offer the better terms.

Cooperation

It also appears that even the Greek side, despite the "common views and solidarity" expressed, has not completely embraced certain positions of Algerian socialism vis-a-vis "American imperialism and tutelage." This conclusion was reached after evaluating the answer given by the prime minister to a question by an Algerian journalist who asked what the Greek prime minister would recommend on the issue of a Mediterranean free of bases and foreign fleets. The prime minister himself had said: "These are long-term goals," and he avoided in a realistic manner any references to timetables. Mr Papandreou supported, however, the view that "the Mediterranean must become a sea of peace." However, he set limitations to what Greece can do vis-a-vis the Great Powers and particularly the United States. He said:

"It would be premature and utopian for Greece to develop alone a strategy that would lead to such a solution. The only thing we can do at this stage is to strengthen our ties with the Mediterranean countries which have the same orientation."

As for the goal "to get rid of American tutelage," Mr Papandreou placed the subject within the more general context of nuclear armaments competition. He avoided--diplomatic observers observed--the unsubstantiated argument included in the Algerian journalist's question. He said:

"Socialist Greece believes that a currently critical problem is the escalation of nuclear armaments in the European area. Irrespective of the usual calculations about the so-called balance, all European peoples have the duty to contribute to the restraint of armaments, to their reduction on European soil, and to the liberation of Europe from nuclear weapons. Greece has taken an initiative for denuclearization of the Balkans."

In other points of his interview, the prime minister said:

--We plan to give POLISARIO the opportunity to establish an office in Athens. We have not considered necessary to extend POLISARIO diplomatic recognition; such recognition has not been asked from us. We have supported POLISARIO's struggle for self-determination.

--An identity of views between Greece and Algeria relates to Middle East issues, and in particular on the question of the Palestinians, and the Iran-Iraq

war. Both countries expressed the hope that the war will end because its continuation is creating explosive problems which underline the danger of a more general conflagration. An identity of views was also noted on the problems of European security and the tensions in Africa and in Central and South America.

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CONTROVERSY, COMMENTS ARISING FROM STRIKE ACTIVITY

Papandreou Message to Workers

Athens I EXORMISI TIS KYRIAKIS in Greek 5-6 Jun 82 p 1

[Text] Premier A. G. Papandreou sent the following message to the workers:

"The government, with its income policy, has exhausted all the limits of the difficult situation it inherited.

"We have overturned the policy of unilateral austerity and have covered a significant part of the loss of income of the workers for the last three years and especially the low wage earners.

"With the application of the Automatic Cost of Living Adjustment and substantial changes to the tax schedule, the raises, which previously evaporated through inflation, have been securely protected.

"At the same time, with a series of legislative measures the government has satisfied the demands of the workers and laid the foundations for a permanent solution to their problems and for ensuring the claim of the mass movement in the process of the democratic way of change.

"Naturally, it was not possible to solve, as if by magic, all the problems that had accumulated for decades and do it in seven months and under the serious difficulties in the economy.

"Strike demonstrations aimed at overturning the income policy, and particularly on the eve of the debate in the Chamber of Deputies of the radical bill--a milestone in the history of the labor movement--for trade union freedoms, undermine, wittingly or unwittingly, the present achievements, the very income of the workers, productivity, and, at the same time, sap the foundations of the program of the social and economic development of the country.

"The government is determined to safeguard the legislative, social, and economic achievements of the workers even if it has to come to a confrontation with the odd labor leaderships which attempt to level and nullify the spirit and the content of the great victory of the popular forces of October '81.

"We believe in an autonomous, politicized, class and not in a trade, labor movement which knows how to demand, which knows how to succeed, but mainly knows how to safeguard the subject of change.

"I call on the workers to consider the historical responsibilities at a time of an especially critical turn of events for the nation. I am sure that this call will contribute decidedly to the understanding of the times by the workers, who for years have shown not only militancy and maturity, but also political awareness."

KKE Central Committee Statement

Athens O RIZOSPASTIS in Greek 10 Jun 81 p 3

[Text] The Press Office of the Central Committee of the KKE issued the following communique':

As a result of the recent strike activities by the banks and urban transportation, the PASOK leadership accused the trade union leadership of the striking employees as being an "odd trade leadership," those on strike as working "to undermine the change (!)" and the KKE, which defends the struggle of the workers, that "it is following the same course as the Right."

We must tell the working man, who has seen this slander being written in block headlines in certain newspapers and has heard it repeated one-sidedly on radio and television, the whole truth.

The KKE is not waging war against the government. It did not hesitate, nor will it hesitate, to approve every one of its positive measures. It criticizes the government for its stand on change, for the deviation of PASOK from its own programs which help and allow the Right to grow.

The Right is not only the "New Democracy" which lost the elections. It is the monopolies which continue to enjoy immunity. It is our remaining in NATO. It is the bases and the nuclear weapons which have not left our land. It is the compartmentalization in the government and the exceptions to its updating that have not been eliminated.

The striking bus driver, the striking bank employee, the worker, are not the enemies of change. The communists are not the enemies of change. The enemies of change are the Americans and NATO and the plutocracy, foreign and domestic.

In order to really strike at the Right and its policy, it is mandatory for the government to march alongside the people, to face its struggles differently, to seek support from all the forces of change and, first of all, from the KKE, for the implementation of a program of national independence, peace and antimonopolistic, planned development in favor of the people.

Certain groups in the press went so far in crudely forging the truth that they spoke openly of a KKE "finger" in the strikes. A shameless lie. The KKE neither "instigated" nor does it "instigate" strikes. It stands by the struggle for the common problems of the workers who joined almost in their totality and amongst whom there are members of PASOK, the "New Democracy," and the KKE.

Those who try hard to enlist in the struggle the members of the Right are not fellow travellers of the Right.

It is not an "odd alliance," the common joining of the struggle of leftist , centrist and rightwing workers. The KKE does not seek to exclude the conservative workers from the struggle. The interests of the workers are common. The KKE struggles for a unified, class-free, labor movement which will not be split into "red," "green," and "blue" unions where the workers will not be divided on the basis of their beliefs.

Those, who in essence accept its policy, are fellow travellers of the Right:

When they vote laws for "incentives" identical to those of the Right which give new subsidies to big capital;

When they approve, together with the Right, the entry of Spain into NATO despite their declarations to the contrary.

When they interfere in the internal affairs of Cyprus denouncing the DIKO-AKEL pact.

When they receive Haig and Rogers and nominate the Americans "arbitrators" of the problems of Cyprus and the Aegean;

When they maintain lately that the industrialists are not the ruling class.

Those who apply methods condemned by the past are in essence fellow travellers of the Right and:

Confront as enemies the striking workers, in struggles where participation is total.

They refuse constructive and substantial dialogue for the resolution of the problems.

They use the ERT [Greek Radio and Television] and YENED [Armed Forces Information Service] as strike-breaking tools with unabashed one-sided information.

They undermine the united labor union organs and slander the trade union leadership of the workers.

They eliminated from PASKE [Panhellenic Militant Workers Trade Union Movement] union men who joined the strikes and have converted it into a tool for strike suppression and issuance of strike-breaking announcements.

Who then, calls these strikes?

The strikes in the banks and the EAS [no extension available] were called by the legal, democratic, elected trade union officers of the workers, in which the workers of all political shades place their unlimited trust. In their administrations there are trade unionists from virtually all factions. These trade unionists, in responding to the wishes of the workers through legal procedures and by an overwhelming majority, decided that their unions would strike. Their aim was to solve the demands of their union and not to "strike" against the government.

KKE (Int) Urges Solution

Athens I AVGI in Greek 9 Jun 82 p 1

[Text] The following communique' was made public by the Executive Office of the Central Committee of the KKE (Int):

1. The protracted strike in the banks creates serious economic and social problems.
2. The efforts made until now from different sides to open a balanced and constructive dialogue between the administrations of the banks and the bank employees (who have already made significant concessions in relation to their initial demands) have not come to fruition because they clash with the hard stand of management and the government.
3. The confrontation of this particular strike by the use of trade union elements of the governing party, the mobilization of dictatorial methods, and the slander by the government news media, does not serve the interests of the working class and endangers the autonomy, the unity and development of the trade union movement.
4. A "solution" which is inspired by the effort to fragment and to obliterate one of the most alert and militant trade union organizations of the country should not enter the field of vision of a democratic government.
5. As a result, the only solution to the impasse which has been created is the immediate beginning of meaningful negotiations between the government and the bank managements with the Bank Employees' Federation.
6. The bank employees have shown their militant mettle and their unity beyond partisan or other differences in presenting their demands as they also have shown their disposition towards a productive dialogue.

It is the responsibility of the government to take the necessary steps for the solution of the problem of the bank employees as it recently did in the instance of the EAS striking personnel, avoiding small party delays and expedencies which, in the end, are counterproductive because they appear not to follow their own pro-worker, democratic proclamations.

KKE Disregards Printers' Strike

Athens O RIZOSPASTIS in Greek 6 Jun 82 p 1

[Text] RIZOSPASTIS is today circulating despite the serious difficulties created for its publication by the strike of its technicians. It reached this decision after weighing all the facts and the latest developments, fully conscious of its responsibility and mission. Yesterday we emphasized the strong reservations regarding the expediency of the strike mobilization by the technicians as to when, how and with what objectives/demands, the relative decision of the administrative council of ETIPTA [Union of Athens Daily and Periodical Press Technical Workers] was reached.

The position of the KKE is solid in not agreeing indiscriminately with every strike,

but to support those which make just demands. What do the technicians demand though? And how realistic, justified and within today's possibilities are their demands?

The ETIPTA leadership is invoking provisions of law 1186/81 of the Right, for the adoption of up-to-date technology in the Athens press, and demands their application to the letter. Bearing in mind, of course, that there exists a legal obligation on the part of the government and if the demands of ETIPTA actually identify with the provisions of the law, one could perhaps say that these have a certain foundation. However, this logic is based from the beginning on shaky ground. It is known how this law which imposes an exorbitant burden on the state budget and the people, through the social sources it establishes was prepared and pushed through in favor of the big editors. The KKE, recognizing the need for realizing technological progress as well as the fact that the other parties were in agreement in voting favorably for the bill, had stated at the time that it would not oppose it. At the same time though, it had expressed serious reservations for certain regulations, foreseeing the problems and complications which would result upon their implementation. Today, the position of the KKE is justified by life itself.

Beyond the economic aspect though, and the extent to which the demands of ETIPTA may have a logical starting point, their meeting presupposes a substantial dialogue and discussion with the editors and the government. The administrative council of the union refused, on the contrary, to use all the existing resources in this direction. It rushed into an action which is likely to hide a "loose" nostalgia, but in the end militates against the very interests of the workers. Most newspapers are already circulating regularly. It was known beforehand that this would happen, independently of whether RIZOSPASTIS specifically did not wish to oppose the strike.

It will also be necessary to repeat: a strike in the press sector is not a normal manifestation of militancy by the workers. Its consequences are wider, especially because they are connected with the nerve center of information and, consequently with the right of the people to be informed. The appearance takes on special significance for RIZOSPASTIS especially, which, steadily and with results, defends the right of the workers, respects the truth and the basic right of the citizen for accurate and honest information. A strike at RIZOSPASTIS is not a strike of some "printed matter." First of all, it is an act which affects the workers and their interests directly, which, naturally cannot be mortgaged to the union mentality and the excessive demands of a minimal part of it.

For all these reasons we have emphasized since yesterday that in the event other newspapers were published, and more so if the strike is resumed, RIZOSPASTIS will be forced to take all necessary measures to ensure its regular publication.

The strike of ETIPTA is unjustifiable -- a spasmodic movement perhaps which can only lead to new problems and complications.

We have weighed the facts carefully. We did not overlook the fact that in the effort to keep the voice of the KKE and of the truth from being silenced even for a moment, we would not be able to avoid certain vacuums and weaknesses. We believe that with understanding they will be faced by the readers and friends of RIZOSPASTIS because the belief of all is unshakable that its publication and circulation are, first of all, their own subject, a subject of the working class. It is certain that in this difficult phase the solidarity and common front of the common man of

the people will demonstrate itself even more decidedly, this incalculable strength which has always stood on the side of RIZOSPASTIS in every battle.

Today we begin together a new struggle. For a better quality control and the further development of its circulation so the newspaper of the people can reach every worker's home, every place of work.

Reported KKE Hidden Motives

Athens ELEVTHEROTYPIA in Greek 6 Jun 82 p 4

[Text] How is it that all of a sudden, simultaneously almost, strikes of such an extent take place and in such areas so as to play havoc in the life of every citizen and to make it easily perceptible to every foreign visitor that "something is happening" in Greece with the new socialist government. It is a question that every Greek asks spontaneously at the sudden rash of strikes, with the dominant strikes in the banks and the busses (which was finally settled) while only the obvious Turkish threatening vexations with their continuous violations, prevented those who were preparing a strike of the air communications personnel. Certain other strikes it appears have been postponed after all the reports on the sudden "readiness exercise" of last Monday.

There is a point in time after which there was a flourish of a "mobilization strength," with an evident warning shot aimed at the government.

By a strange coincidence that point in time of firing of the strike mechanism can be placed immediately after another event which, at first sight, does not seem to be related to the strikes. Immediately after that is the open denunciation made by the Athens socialist government against the agreement with AKEL of electoral expediency made by Mr. Kyprianou with the Cypriot Communist Party, which is attached to the foreign policy of the USSR.

And while the Right, despite its declared desire to undermine the work of change, was unable in essence to proceed with mass mobilizations, that role was assumed by the KKE. With the self-confidence of the self-declared issuing authority of credentials of consequence and guardian of the popular movement for the safeguarding of the change it did not actually hesitate to proceed in opportunistic cooperations not only with the parliamentary Right, but also with the Junta Right. With the "ex" of course there was no such open cooperation as official party, but only a "labor union common front."

A typical manifestation of this unholy alliance is the case of the Association of Employees of the Commercial Bank where the leadership which disagreed with prolonging the strike was overthrown and was replaced by a "front" which typically proves the "dissimilar convergences" towards a common purpose: the first position of authority was given to a KKE labor leader and the following two went to a "New Democracy" man and to a labor leader of the "seven years" [Junta].

The "coincidence in time" of the moment when the mobilization of the KKE forces against the government is observed with the refusal of Athens to accept the substance of the pact of electoral opportunism Kyprianou-AKEL with which all the agreements

between Papandreou-Kyprianou are set aside begs the question:

Is there perhaps a portion of the workers whose demands must be met within the context of a productive dialogue being used by the mobilization machinery of the KKE as a "battering ram" against the socialist government towards which it appears to direct the ultimatum: either you retreat and recognize the pact of Kyprianou with the Communist Party of Cyprus or we will create continuous internal problems with maximalist demands?

The connection, for example, of the strike in the banks or the busses with the handling of national affairs, where top priority is given to the Cyprus matter, is not attempted cheerfully by those who make an analysis of what is happening lately.

It has already been made by the KKE by means of RIZOSPASTIS and what at first sight appears naive--how can the conversations with the USA be connected with the workers' strikes?--was not made by RIZOSPASTIS because of naivete.

It is the concentration of the strategy it launched with a view to dragging the government in its own perception of how to conduct foreign policy. All this is happening at the same time that Turkey, certainly not without encouragement or incitement, is intensifying a guerrilla warfare against Greece; one of its aims is not to allow the new Greek government to devote itself undistractedly to the reconstruction of Greek life by confronting its internal problems.

This, of course, is perceived by the leadership of the KKE. The reason for its unleashing this operation to undermine the government at this precise moment is a question to which every simple patriot gives a sure answer. In any event, the Socialist Movement which governs the country since 18 October is not about to succumb to the attempted blackmail. It will persist in its careful course towards a real independence and not in the substitution of guardians.

KKE Denial

Athens 0 RIZOSPASTIS in Greek 9 Jun 82 p 2

[Text] In a "cocktail" prepared with a known recipe and rich "police" imagination a commentator of the ELEVTHEROTYPIA TIS KYRIAKIS (and candidate PASOK deputy) mixes the strikes in the banks and the busses, Turkey, AKEL, the "Soviet finger" and--of course the KKE--to serve to its readers an age-old fable: the strikes of the workers do not come about because there are demands, they take place because "a part" of the workers ... is used by the mobilization machinery of the KKE as a "battering ram" against the socialist government. This infernal "machinery" does not operate spontaneously except to promote the foreign policy of the USSR which has forced its vassal, the AKEL to sign the agreement with President Kyprianou. And after all this, the devilish commentator tears off the veil of mystery and reveals that the strikes of the workers are an "ultimatum of the KKE" to the government to force it to recognize the agreement of Kyprianou with the Communist Party of Cyprus." Look then, how simple the truth is and how useful the research of the files for anti-communist myths. See how easily and freely one can dispose of the demands of the workers and fully and freely inform the readers. It is a pity that this devilish commentator, after having lost his seat in the Chamber of Deputies, does not appear to have any hopes even for a spot in the next session.

PRC YOUTH DELEGATION ARRIVES, TALKS HELD

Athens I AVGI in Greek 11 May 82 pp 1, 8

[Text] Representatives of the Central Committee of the CYL [Communist Youth League] of China have arrived in Athens at the invitation of the Central Council of "Rigas." The Chinese representatives include Comrades Liu Wey Min, secretary; Yu Wen Tao, member of the international relations section; and Lou Key Yin, also member of the international relations section.

The 8-day visit follows the visit by a delegation of the Central Council of "Rigas" to the PRC in October 1980 and the establishment of relations between the two youth groups.

During its visit to Greece, the first official visit by the youth of the CCP [Chinese Communist Party] to our country, the Chinese delegates will have a number of contacts with the secretary of the Central Council of "Rigas," Comrade N. Voutsis, Comrade Elli Papakonstandinou, second secretary of the Central Council, and B. Rologi, responsible for international relations, as well as other cadres of the organization.

During the talks which are being conducted in a very cordial atmosphere, it has been stressed that the two youth groups are focusing on peace and on improvement of the international situation; they are also exchanging information on conditions in the two countries and the activities of the two youth groups. The Chinese side stressed the efforts by the CCP and its youth organization to develop faster and to overcome the weaknesses of the past, through social and cultural progress, renewal of party and state institutions and directives for self-management at the grass roots level; they also repeated the positions of the CCP on various international issues.

The representatives of "Rigas," on the other hand, explained their organization's efforts on the great problems of national independence, the withdrawal from NATO, the removal of the bases, the threats in the Aegean, the Cyprus problem, and the support of mass struggles by youth for work, education and daily life, under the new conditions created after the Government of Change in Greece. Both sides stressed the possibility for further development of relations between the two youth organizations, the start of a dialogue, and equality and respect for autonomy. The secretary general of "Rigas" also gladly accepted an invitation to visit China.

The Chinese comrades will also have the opportunity to visit various quarters of Athens and Piraeus, as well as cities in northern Peloponnisos and the eastern mainland to become familiar with the conditions of life of Greek youth and the activities of EKON [Greek Communist youth "Rigas Feraios"].

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CSO: 4621/353

POLITICAL

GREECE

BRIEFS

ND POLITICAL BUREAU--Evangelos Averof, ND president, yesterday confirmed reports, published in Sunday's issue of I KATHIMERINI, about the establishment of a ND Political Bureau. This bureau will be concerned only with political issues and will consist of six members, namely: Messrs Evangelos Averof, K. Papakonstandinou, K. Mitsotakis, K. Stefanopoulos, I. Boutos, and Ath, Kanellopoulos. According to other information, the bureau will be broadened over the next few days to include two or three more ND cadres. Those mentioned as candidates include former ministers Messrs I. Varvitsiotis and Milt. Evert. All members of the political bureau have expressed the wish that former Prime Minister G. Rallis also take part. [Excerpts]
[Athens I KATHIMERINI in Greek 11 May 82 p 1] 8193

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UCD CONSERVATIVES PREPARED TO BOLT IN FAVOR OF AP

Madrid EL PAIS in Spanish 8 Jun 82 p 16

[Article by Fernando Jauregui and Joaquina Prades]

[Text] Attempts to reorganize the government party, Democratic Center Union (UCD), are entering a decisive phase this week. The final shape of the party, its members and future electoral alliances will depend on the next few days, according to reliable Centrist sources. The same sources indicated that a split by the Christian Democrat wing appears imminent, since a majority of the members of that "family" have demonstrated their interest in a rapprochement with the "natural majority" led by Manuel Fraga.

The reorganization of the Center will depend, in great measure, on the final decision adopted by the Christian Democrats, who are to hold an important conclave next weekend. At present a majority of Christian Democrats, with some well-known exceptions, do not feel comfortable with the theory of Suarez, the Social Democrats who remain in the UCD, one sector of the "Blues" and some of the liberals, headed by Ignacio Camunas, regarding what a Center party should be.

This Christian Democrat majority, headed by the present adviser to the president of the government, Oscar Alzaga, is on the verge of deciding to abandon the UCD to join together in what it hopes will be the country's major conservative force: A coalition formed by the Popular Alliance, by the future Moderate Party of former Centrist spokesman Miguel Herrero, by this Christian Democrat sector--which will either join Herrero's party or form a group with its own identity--and, finally, the Liberal Democratic Party which Antonio Garrigues hopes to found soon on the base of the Liberal Clubs. All these would be part of this alliance, which would participate in the next general elections for the exclusive purposes of preventing a victory by the PSOE [Spanish Socialist Workers Party]. They do not expect to assume the identity of the Popular Alliance, but they do expect to participate in the coalition.

In any case, this majority sector of the Christian Democrat wing of the UCD will not announce its official departure from the party until the current period of sessions is over, to avoid causing the government to fall. According to sources within this group, the split will take with it no less than 60 parliamentarians, counting both deputies and senators. Among Suarist sources, this figure is only 31, since a significant number of the Christian Democrats disagree with respect to the decision to be adopted.

Landelino Lavilla Will Not Abandon UCD

Actually there are in the Christian Democrat rank and file some outstanding partisans of a Center-Center, of a populist nature, not too far from the Suarist positions. The president of the Congress of Deputies, Landelino Lavilla, who once was able to head the Christian Democrat ranks, is today the first to show reluctance toward an agreement with Fraga. A Christian Democrat delegation composed of Jose Luis Ruiz Navarro and Fernando Alvarez de Miranda, after a long talk with Lavilla last week, came to the conclusion that he prefers to remain outside (or above) the struggle among the UCD families.

Probably he hesitates in this way still to be able to salvage the remains of the shipwreck. The impassive president of the Congress plays his hand in silence, not wanting to break openly with his Christian Democrat family, whose members have shown him on more than one occasion that they would like him to be the indisputable leader of the rank and file of this Centrist sector and later on, president of the UCD.

Fernando Alvarez de Miranda--president of the Humanism and Democracy Foundation--Juan Antonio Ortega y Diaz Ambrona, Inigo Caverio and Manuel Villar Arregui are other well-known Christian Democrats who are reluctant to swell the ranks of Fraga's future Rightist coalition. Juan Antonio Ortega is one of the best theoreticians of the values of political centrism and it is very difficult to see how he could be counted on to desert the Centrist ranks. The same is true of Inigo Caverio, present secretary general of the party. Alvarez de Miranda's case is more complicated: 2 weeks ago during a dinner with about 30 Christian Democrat parliamentarians he committed himself to go along with the majority decision.

The third leg on which this conservative coalition would stand would be Miguel Herrero de Minon's future Moderate Party, whose ranks could include, if not the Christian Democrats, at least the UCD turncoats who do not belong to this sector: Ricardo de la Cierva, Francisco Soler Valero, Diaz Pines (who have already left the UCD), Modesto Fraile, Carlos Gila, Antonio Faura, Francisco Olivencia or Esperabe de Arteaga.

From all this, then, we can glimpse a new split in the Christian Democrat family, similar to the one that occurred during the Democratic Left congress at El Escorial in 1977 and led by Alvarez de Miranda.

Other UCD members, formerly considered Christian Democrats, now appear to be situated between the two groups and on the point of being gobbled up by the clarification which the upcoming electoral period will bring: Such is the case with the minister of agriculture, Jose Luis Alvarez, soul of the so-called independent group of the UCD, in which there are also ministers like Ignacio Bayon, Alberto Oliart, Federico Mayor or the Leopoldists Matias Rodriguez Inciarte and Luis Ortiz. Last week Jose Luis Alvarez sent President Calvo Sotelo a 5-page memorandum setting forth his own solutions for solving the Centrist crisis and expressing his loyalty to him, which lately has been somewhat in question because of his alleged leanings toward the Right.

At the same time, one cannot foresee the reaction of the liberal Centrist sector, which, like the Christian Democrats, is also divided: The sector headed by Ignacio Camunas, on the one hand, very close to the Center-Center of Adolfo Suarez, and those who are more inclined to bolt with Antonio Garrigues (Munoz Peirats, Antonio Fontan--who has just suffered a coronary--Eduardo Merigo and Eduardo Punset).

Calvo Sotelo's Silence

While all this is "cooking" in the UCD, Leopoldo Calvo Sotelo is not answering memorandums. Political leaders like Felipe Gonzalez, Miguel Roca or Santiago Carrillo, who have met recently with the president of the government, agree in private that the president shows an alarming lack of solutions, of initiatives or of possibilities for reaction. Carrillo goes even further and asserts that the president of the government is closer to the natural majority than to his own party. Those close to him say he is about ready to throw in the towel and give up the chairmanship of the party at the next meeting of the Centrist Political Council, which Calvo Sotelo expects to hold at the beginning of July and the Suarists want to postpone. The UCD Executive Committee, which meets next week, will decide the definite date.

The big question now is, who would take over that chairmanship if Calvo Sotelo, fed up with internal struggles, gives up control of the party to devote himself exclusively to leading the government until the next general elections--which are getting closer and closer. Thus, at the Centrist Political Council, UCD may, on the one hand, find itself free of what someone has called "its conservative ballast." In addition, a dangerous battle may be in store for the party leadership, a battle in which Landelino Lavilla and Adolfo Suarez may appear as the chief rivals or as allies in a balance which is more than delicate.

The two appear to share the theory that the UCD can no longer win any elections, at least for several years. But it can, on the other hand and in the short term, be a party which, from its probable 40 seats, could cooperate with the socialists in government after the elections, opposite a strong conservative opposition. This Centrist connection would benefit its protagonists as well as their socialist allies. This seems to be the most feasible view of the general elections, which have been steadily moved up from March 1983, first to December and perhaps to next autumn,

according to most recent rumors. The rest will be a matter of simply placing the names. And everyone already knows that, in Spain, every electoral period puts an end to several sparkling political careers.

Francoist Politicians Among Avalanche of Applicants to AP

Popular Alliance, the party of Manuel Fraga, is experiencing at present a flood of applications for membership such as never before: Almost 5,000 new members have been added to the files of the AP on Silva Street in Madrid since the results of the Andalusian elections were announced. According to party leaders, the number of members at this time has reached 56,000.

The leadership of the Popular Alliance appears to have decided to put an end to the somewhat uncontrolled avalanche of applications and to study the biographies of the applicants very thoroughly. Sources on Silva street have been quite concerned about the possibility that a large number of Francoists are attempting to return to political life through the AP.

The most youthful sector of the party, including also the secretary general, Jorge Verstrynge, appears to be alarmed over the attempts of another sector of the Alliance to introduce what are considered "names from the past" into the party's electoral rolls, which are already being made up. It is asserted, specifically, that a former minister under Franco, Fernando Suarez Gonzalez, is trying to have these rolls include people like Carlos Perez de Bricio, vertical union leader Noel Zapico, former justice minister Jose Maria Sanchez Ventura--the man who signed the 1975 death sentences--or former finance minister Rafael Cabello de Alba, to cite only a few of the names being mentioned.

The aforementioned young sector has a strong opposition to the inclusion in the electoral rolls of persons who collaborated notoriously with Francoism, but it admits that should "operation coalition" with a Christian Democrat and another liberal sector fail, the massive entry of politicians from the former regime "would become inevitable."

In addition to drawing up the Alliance rolls, the AP's central headquarters has already begun preparations for the electoral fight, which it is believed will be the most difficult of any to date. A triumvirate has already been designated in Silva street, composed of three young members (Barreiro, Ortiz and Carabias), to take charge of the opening of the campaign should the elections be moved up. "We will not be lacking either money or people," said one high Alliance official triumphantly.

8735

CSO: 3110/161

POLLS INDICATE DECLINING SUPPORT FOR BOURGEOIS GOVERNMENT

Stockholm DAGENS NYHETER in Swedish 9 Jul 82 p 6

[Article by Sven Svensson]

[Text] This is the fourth consecutive year in which the Foundation for Opinion Analysis has studied the positions, needs, and attitudes of Swedish voters. The surveys are conducted with contributions from the Bank of Sweden Tercentenary Foundation, political parties, and companies. The survey is based on a comprehensive questionnaire with written responses. The responses then are compiled into reports on various topics. Responsible for the survey is Sten Hultgren, chairman of the Foundation for Opinion Analysis, sociology professor Gunnar Boalt, and Gunnar Ekman who processes the data gathered in the survey.

A representative nationwide sample was selected and 2,168 responses to the questionnaire were received. About 20 percent failed to answer.

A clear majority of the voters, 62 percent, want a government in which the Social Democrats are represented in some way. A pure Social Democratic government was the choice of 29 percent, while 13 percent wanted a nonsocialist three-party government. This was indicated by the opinion poll taken by the Foundation for Opinion Analysis.

The survey was taken in May and written responses were received from 2,168 people.

Before the 1979 election voter support was evenly divided between two alternative governments--a nonsocialist three-party government and a pure Social Democratic government.

During the past 3 years support for the Social Democratic alternative has increased, while the nonsocialist three-party government has declined in popularity. The present middle-party government including the Center Party

and the Liberal Party has little support among public opinion (2 percent), which is related to the low figures for these parties in general.

The following table indicates the figures for the various government alternatives in percent:

| | 1979 | 1981 | 1982 |
|---|------|------|------|
| Social Democrats | 20 | 23 | 29 |
| Conservative Party | 4 | 8 | 7 |
| Liberal Party | 3 | - | - |
| Center Party | 3 | 1 | 1 |
| Social Democrats + Conservatives + Liberals + Center (coalition) | 8 | 17 | 14 |
| Conservatives + Liberals + Center (three-party) | 21 | 6 | 13 |
| Liberals + Center (middle parties) | 3 | 1 | 2 |
| Social Democrats + VPK (socialist) | 7 | 9 | 8 |
| Social Democrats + Conservatives | - | 4 | 3 |
| Social Democrats + Liberals | 6 | 4 | 3 |
| Social Democrats + Center | 5 | 5 | 3 |
| Social Democrats + Liberals + Center | 2 | 5 | 12 |
| Other | 3 | 3 | 4 |
| No preference | 15 | 15 | 11 |

After 6 years with four nonsocialist governments, a majority of voters would like to see the Social Democrats involved in some type of government, either alone, with VPK (Left Party Communists), or with one or more of the nonsocialist parties. This choice was indicated by 62 percent, compared to 48 percent before the 1979 elections.

The nonsocialist three-party government, which was on a par with a pure Social Democratic government before the 1979 elections with 21 percent, registered a record low in 1981 following the split over the tax issue, although it now has

increased somewhat to 13 percent.

A coalition government including the four largest parties in parliament also has declined in popularity. Before the 1979 elections 8 percent favored a coalition government and the figure increased to 17 percent in 1981, only to drop again to 14 percent.

Different Camps

In the various political camps there are differing opinions on the type of government that should rule after the election.

Among Conservative Party voters, 17 percent favor a coalition government, 38 percent are for a nonsocialist three-party government, and 32 percent for a Conservative Party government.

Among Liberal Party voters, 23 percent want a coalition government, while 28 percent favor a nonsocialist three-party government.

A coalition government is favored by 24 percent of the Center Party voters, while 34 percent want a nonsocialist three-party government.

Sixty five percent of the Social Democratic voters want a Social Democratic government and 14 percent a socialist government including VPK.

Among VPK voters, 77 percent want a socialist government and 3 percent a Social Democratic government.

LO Members

There is a certain socialistic preponderance among supporters of the Environment Party, while KDS (Christian Democratic Party) is nonsocialist. Three percent of the Environment Party supporters want a Social Democratic government, 8 percent a socialist government, and 24 percent a coalition government. Among KDS supporters, 23 percent want a coalition government, 10 percent a nonsocialist three-party government, and 3 percent a Conservative Party government.

Among LO (Federation of Trade Unions) members, 49 percent favor a Social Democratic government, 11 percent a socialist government, 9 percent a coalition, 6 percent a nonsocialist three-party government, and 2 percent a Conservative Party government.

Within TCO (Central Organization of Salaried Employees) 25 percent favored a Social Democratic government, 10 percent a socialist government, 15 percent a coalition government, 26 percent a nonsocialist three-party government, and 8 percent a Conservative Party government.

Among members of SACO/SR (Swedish Confederation of Professional Employees-National and Local Civil Servants Union), 3 percent were for a Social Democratic government, 10 percent for a socialist government, 15 percent for a coalition,

26 percent for a nonsocialist three-party government, and 4 percent for a Conservative Party government.

Nonsocialist LRF

Members of the National Federation of Swedish Farmers (LRF) are predominantly nonsocialist. Among LRF members 21 percent want a coalition government, 44 percent a nonsocialist three-party government, and 4 percent a Conservative Party government.

Three percent of the farmers want a Social Democratic government, 33 percent a coalition government, and 38 percent a nonsocialist three-party government.

Among other private businessmen, 5 percent want a Social Democratic government, 1 percent a socialist government, 28 percent favor a coalition government, 26 percent a nonsocialist three-party government, and 15 percent a Conservative Party government.

The figures are different among students. Ten percent favor a Social Democratic government, 12 percent a socialist government, 8 percent a coalition government, 8 percent a nonsocialist three-party government, and 9 percent a Conservative Party government.

Among regular readers of AFTONBLADET, 63 percent favor a pure Social Democratic government and 16 percent a government consisting of Social Democrats and VPK members.

Among DAGENS NYHETER's readers, 14 percent want a nonsocialist three-party government. For EXPRESSEN the corresponding figure is 16 percent, for SYDSVENSKA DAGBLADET it is 20 percent, and for SVENSKA DAGBLADET the figure is 36 percent.

Important Issues

The foundation also asked which government was most competent to deal with business, taxation, employment, and foreign policies.

The Social Democrats held an advantage with regard to employment and foreign policies, while the preferences were evenly divided on the other issues.

Another question was as follows:

What will be the three most important issues after the election?

Supporters of all parties mentioned measures against unemployment and steps to counteract the rising cost of living.

Third place was occupied by measures to combat drug abuse, except among Conservative Party voters who indicated that the reduction of public expenditures was the third important issue.

The introduction of wage-earner funds was at the bottom of the list for all voters except Social Democrats and VPK supporters and even among them this issue was not far above last place.

KDS supporters believe that combatting alcohol abuse is the most important problem, while Environment Party sympathizers believe the battle to save the environment should be placed first.

9336

CSO: 3109/185

ENVIRONMENT PARTY CHIEF: WILL PLAY INDEPENDENT RIKSDAG ROLE

Stockholm DAGENS NYHETER in Swedish 8 Jun 82 p 2

[Article by Lars Broman]

[Text] The Environment Party will not support one block to the exclusion of the other. The Environment Party will enter a coalition government with any other political party. Thus, if the Environment Party holds the balance in parliament, one of the following possibilities will occur: either a coalition across block boundaries will be formed or Sweden will have a government supported only by a minority. This was indicated by Lars Broman, member of the political committee of the Environment Party.

Since the Environment Party was founded last fall, support for it has grown constantly. The most recent IMU (Institute for Market Research) poll showed a sharp jump from 4 to 7 percent--and we certainly have not seen the end of our advances by any means. Yet most Swedes still know little about the political program of the Environment party and, for this reason, have not been able to take a position in support of the party.

As a result of the 7 percent figure, the mass media suddenly have become interested in the Environment Party. But is it the party program that interests them? No, the question asked by all journalists, editorialists, and representatives of the other parties is: "What type of government will the Environment Party support in parliament?"

This one-track thinking and curiosity over what the Environment Party stands for is regrettable, but understandable. For several decades the direction of Swedish politics has been determined by which party or parties have formed the government. In general, the government has had the support of a sure, although scant, majority consisting of parties in one block or another. Thus, the policies of the government normally have been the policies of the country--even though party discipline occasionally had to be enforced. It is all too obvious that the political power has been with the government rather than with parliament during the entire post-war period.

A new political situation faces us in Sweden today. For the first time since

the 19th century a Swedish political party has been formed that has a good chance of achieving representation in parliament. It seems probable today that the Environment Party will surpass the 4-percent limit and gain 14 or more seats in the Swedish parliament this fall and it seems possible that the Environment Party will hold the balance in parliament or, more clearly stated, neither block will hold a majority in parliament after the fall elections.

It is this possibility that is creating so much irritation among journalists and at party headquarters: "We cannot imagine any system other than block politics in Sweden. Show your colors, Environment Party!" But we can imagine it. The ideology of the Environment is based neither on Marxist economic theory nor on a liberal free-market concept. For this reason, the Environment Party belongs neither to the socialist nor to the nonsocialist block. We also are far-removed from the passion for economic growth with its waste, rationalization, materialism, foreign dependence, and armaments that the parties in both blocks seek to varying, but high degrees.

The Environment Party wants to create a society that conserves its resources and demonstrates solidarity, including solidarity with poor people in the Third World and generations of the future. We support demands from developing countries for fair world trade, but we believe that short-term assistance must be increased. For the survival of the human race, we place ecological considerations above short-sighted economic advantages. We demand quick action against acidification and poisoning of the environment. We also believe that people, by nature, are active and, for this reason, we support business forms that give influence and responsibility to all.

These are the colors of the Environment Party. Still we constantly are asked: If the Environment Party is represented in parliament, which prime minister candidate will you support? The voters demand that you answer this before the election! No, I do not believe that and an honest answer to the voters of Sweden is as follows:

Voters who believe that the most important issue in the election this fall is to make Olof Palme prime minister should, of course, vote for the Social Democrats. Voters who absolutely believe that Ulf Adelsohn must become prime minister should vote for the Conservative Party. But voters who believe that the issues are of primary importance and who support the Environment Party's view on political issues should vote for the Environment Party.

The Environment Party will not support one block to the exclusion of the other. The Environment Party will not enter a coalition government with any other political party. Thus, if the Environment Party holds the balance in parliament, one of the following events will occur: either a coalition will be formed across block boundaries or Sweden will have a government supported only by a minority. Whichever is the case, the result for parliament should be that important issues are discussed and decisions made there, instead of internally within the government party (parties). In this way, the power of parliament would increase at the expense of the government.

The Environment Party believes that a shift in decision-making from the corridors and party headquarters to the floor of parliament is highly desirable for the sake of democracy. Unlike now, members of parliament could become their voters' representatives in parliament instead of being used as "troops" for or against the government. The voters would be closer to their representatives and have greater influence over them. Perhaps there would be less contempt of politicians.

This also would make the government issue less interesting. When the decisions are made by a parliament of representatives chosen by the Swedish people and the role of the government is to execute the decisions of parliament, the composition of the government will be of less importance. Nevertheless, in this issue as in all other issues in parliament the Environment Party will accept its political responsibility. How this will occur will be decided by the executive committee of the Environment Party. If the Environment Party happens to be in a position in which our vote will decide who becomes the next prime minister, we will make a decision based on the probability that a given candidate's position on concrete issues will be close to that of the Environment Party. To quote the old Farmers' Unionist Gunnar Hedlund: "We do not intend to sell the skin before the bear is shot."

9336

CSO: 3109/185

ULLSTEN: SDP DOES NOT BELIEVE OWN STANDS ON FUND, ECONOMY

Stockholm DAGENS NYHETER in Swedish 10 Jun 82 p 2

[Commentary by Ola Ullsten]

[Text] The standpoints of the Social Democrats on the two main election issues--the economic crisis and the wage-earner fund--have lead to a political breakdown in the party. This is the conclusion of Liberal Party leader Ola Ullsten in his analysis of the differences between the nonsocialist cutback program and the crisis program of the Social Democrats. "The Social Democrats have committed themselves to promises they themselves do not believe in," Ullsten writes.

The 1982 elections will deal with two main issues. The first is whether or not we will take a giant step in the direction of socialism and introduce wage-earner funds. The Social Democrats' proposal would increase business costs and decrease profits. The most successful businesses--those that should be our spearheads into the future--would be hardest hit. The influence of politicians and unions over businesses would increase. The system is constructed in such a way that efficiency and profits would be reduced, while the flow of resources to companies that have no future would be increased.

The other important issue is how we should deal with the large deficits in the Swedish economy and assist businesses competing abroad.

The oil-price hikes and the accompanying changes in the global economy have made Sweden a poorer nation. We must export more to pay for the higher petroleum prices. We also must invest more.

This means that practically all potential increases in production during the upcoming years must be reserved for increased exports and higher investments. Long-range studies show that if we are to achieve a 2.5 percent annual growth rate, we must apply about four fifths of the growth to these goals.

The extremely limited remaining resources to be used for increased consumption

may be channeled through government budgets or personal savings after taxes. Anyone advocating high public expenditures also must recognize that lower real wages would result.

Without the cutback program, public expenditures during the next fiscal year (1982/1983) would be about 18.5 billion kronor higher than they will be with the program. To provide for these increased expenditures, wages after tax would have to be lower by this same amount. This 18.5 billion corresponds to about 10 percent of wages after tax.

The increased public expenditures would have resulted in either a larger budget deficit or considerably higher taxes.

A higher budget deficit would mean that the government's need to borrow money would increase. The resulting increase in demand on the credit market would force interest rates up. This would make it more expensive to invest money and the growth rate of the economy would decline.

If, on the other hand, we attempt to finance the budget deficit by printing more money or by borrowing more money abroad, we would have a higher level of liquidity in the economy, leading to inflation and a foreign exchange drain. Expressed in popular terms, this is what happens when a larger amount of money chases the same amount of goods. To counteract this the Bank of Sweden would be forced to apply a more stringent credit policy, i.e. interest rates would rise in this case as well.

The higher inflation rate also means that our competitive strength is eroded, resulting in fewer exports, a greater deficit in the balance of payments, and fewer jobs.

This dilemma cannot be solved by what Hans Gustafsson has called a "plan for just tax increases." After all, increased taxes simply are another way of saying that real wages are reduced. Higher taxes make wage negotiations more difficult and, because of the well-known compensation mechanisms, they cause wages and prices to rise. Thus, increased taxes reduce our competitive strength, with negative results for growth, prosperity, and employment. Higher taxes also encourage the use of illegal labor.

Throughout the 1970's public expenditures increased by 6 percent annually in terms of volume. In this way, they accounted for the entire growth of the economy and more. Real wages were supported only by increasing our foreign debt. Of course, this trend could not be permitted to continue.

Our cutback program has reduced the increase in public expenditures to just over 1 percent per year, which is more in line with what the Swedish economy can bear. It is obvious, however, that this policy must continue if the balance is to be restored.

Throughout the crisis the Social Democrats have held an ambiguous position on the problems resulting from increased budget deficits. During the 1979 election

campaign--after the first, but before the second major oil-price hike when the deficit was about 50 billion kronor--the Social Democrats stated that this was a dangerously high level. This did not prevent them from saying during the campaign that during the "first 100 days" they intended to spend additional billions in the form of government expenditures.

The so-called crisis program contains page after page expounding the dangers of high budget deficits. They also say that the problem cannot be solved by tax increases. This is followed by a series of concrete proposals for new government expenditures!

The Social Democrats say in their defense that they are proposing increased expenditures for investments and that a deficit resulting from high investments is nothing to worry about.

The problem, however, is that the Social Democrats begin with the government's program of expenditures and add to it their own expenditures for consumption and transfers totaling over 10 billion kronor. On top of this increased budget deficit, they also propose investment projects, many of which are of little worth to the national economy.

We agree that investments must increase in Sweden.

If we create a favorable climate for investments, profitable investments will be made. The increased exports, markets, and industrial production we now anticipate also will increase employment and investments since production capacity will be utilized to a greater degree.

Certain other investment projects should be supported through the budget. This is also the case in the current budget proposal. Investments in public utilities are among the few items that will increase in real terms. Sizable sums also will be spent on various forms of energy conservation.

The public sector and the social insurance system are indispensable parts of a modern welfare state. But if public expenditures are allowed to grow so rapidly that the national economy becomes unbalanced, the negative results in the form of stagnation, inflation, and unemployment will hit hardest precisely those people whom the social welfare system is designed to protect.

Certain paragraphs of the so-called crisis program and other statements by various Social Democrats indicate that they understand this connection. The tragedy, however, is that for ideological and organizational reasons the Social Democrats seem incapable of dealing with this issue in practice.

The Social Democrats seem to have suffered what could be termed no less than a political breakdown on the main issues in the election. They have committed themselves to standpoints in which they themselves do not believe.

On the wage-earner fund issue they are attempting to solve the problem by retreating from criticism on point after point. Everything seems to be

negotiable, even issues that are said to be fundamental principles. Apparently, this tactic is designed to calm the debate in order not to frighten the voters.

The same tactic is used in the economic debate.

But the Social Democrats, like other parties, must be judged by the policies they actually carry out. To avoid charges of deceit unparalleled by similar previous charges, we must also examine the policies they would be forced to carry out once in office. These would be tragic for Sweden.

9336

CSO: 3109/186

NONSOCIALISTS' ACTS IN RIKSDAG SHOW PARTIES COULD NOT RULE

Stockholm DAGENS NYHETER in Swedish 11 Jun 82 p 2

[Editorial]

[Text] Two major debates in parliament on two consecutive days--this marks the end of the year for parliament and sets the tone for the election campaign.

Last Wednesday it was the tax agreement. The middle parties and the Social Democrats stood united against the Conservative Party. It was a combined marriage ceremony and cross-examination. Kjell-Olof Feldt to Rolf Wirten: Do you take this tax agreement to be your political spouse, to be faithful to her in sickness and in health? Yes, Wirten answered with a slight quiver in his voice.

Feldt to Gosta Bohman: What about you? Will you bring down any government that supports the tax agreement--or will you give up your spiteful opposition after the election? I am in no way required to answer to Kjell-Olof Feldt, Bohman said defiantly.

Yesterday it was economic policy. On this issue it was block against block. To be sure, both Thorbjorn Falldin and Ola Ullsten opposed the Conservatives' cutback demands and tax reduction promises, but in the report from the financial committee, upon which the debate was based, the nonsocialist parties were in agreement. The report was characterized by "unity between the government and the (Conservative Party) members introducing the bill on what economic policy should be followed." The nonsocialist parties agreed that during the 1983/1984 fiscal year the cutback policies "must be of the same magnitude as in the 1982/1983 fiscal year," i.e. about 12 billion.

These two debates clearly indicate the dilemma of the nonsocialist parties. There is nothing to indicate that the parties would come together on the tax agreement. The middle parties are committed to their agreement with the Social Democrats, who will not permit even the slightest deviation. The Conservative Party is locked into its unrelenting emergency campaign. There also is no indication that cooperation is possible between the middle parties and the Social Democrats. For this reason, it is difficult to see how a nonsocialist election victory could result in a viable government.

This gives the Social Democrats a favorable position in the debate. They can play on the nonsocialist split and the supposed devotion of the middle parties to reactionary economic policies at the same time.

As an opposition party, without immediate responsibility for state finances, they can attack vigorously the government's "dismantling of social benefits" and "unjust policy for the distribution of wealth" and the uncertain future of the cutback policies. Again and again Kjell-Olof Feldt asked: Will you give in on child support, further reductions in pensions, and social insurance? It is a matter of democratic integrity to tell the voters before the election! Feldt received no answer yesterday, but the question will follow the government parties throughout the election campaign.

But the day the Social Democrats form their next government, their position will become less favorable. They reject all nonsocialist cutback proposals. They promise to tear up several savings proposals--at a cost of several billion. They speak occasionally about the need to restrict expenditures and to reexamine allocations that are not of fundamental importance to welfare, but they refuse to discuss this in detail on any particular point. There will be many unpleasant surprises for Social Democratic voters if they gain a majority. For the budget deficit, the interest rates, and the foreign debt will not decline as a result of a change in government.

We do not believe in cutbacks, Kjell-Olof Feldt said. Nor do we believe in tax increases. We believe in a policy that will create growth in the economy, thereby increasing tax revenues and decreasing expenditures for unemployment and other subsidies.

Abracadabra! Feldt makes all the problems disappear and mentions the magic solution by name. But the question is: how will we bring about this growth amidst increasing international competition with the threat of new oil-price increases, while the threat of a worsening economic situation hovers over us?

Well, Feldt answers, we will invest in the energy sector, in transportation, in housing, in environmental protection, and in technical research and development. Fine. Such investments are needed. The government has done too little in these areas.

But the only thing we know for sure about such investments is that they cost money. Their ability to promote growth, stimulate exports, and limit imports is--of necessity--uncertain. For this reason, it is all the more necessary to combine such investments with savings in other areas. Only in this way can the Swedish economy gird itself to face new, uncertain hardships.

9336

CSO: 3109/186

ILICAK PROFFERS VIEWS ON HEAD OF STATE'S ELECTION

Istanbul TERCUMAN in Turkish 19 May 82 pp 1, 14

[Commentary by Nazli Ilıcak: "How Will the Head of State be Elected?"; passages enclosed in slantlines printed in boldface]

[Text] One of the most difficult problems in working out the constitution is the issue of the office of president of the republic. The general tendency in Turkey lies in the direction of continuing the parliamentary system, without structural alteration. Nevertheless, complete unity of thought with regard to the election of the president of the republic has not been attainable.

The people or the assembly may elect the president of the republic, or else a different formula may be found.

Popular election runs counter to the structure of the parliamentary system and may give rise to tensions within it. For instance, in the time of the Weimar Republic the German head of state Marshal Hindenburg acted in a very authoritarian fashion and established the cabinet as he wished without considering the inclination of the parliament. As a result of precisely such instability, Hitler was called to office and rose to power.

Before the Weimar Republic, France, with the 1848 Constitution, tried for the first time the path of popular election of the president of the republic, but the coup of Napoleon III cast this experiment into oblivion.

Election of the head of state by the parliament is the most familiar method. But in this situation it must not be forgotten that preserving his non-partisan character is difficult. The party possessing a majority in the assembly would certainly elect a person who shared similar ideas.

Other Formulas

Aside from direct popular vote and election by the assembly there are available other formulas:

- a) Election of the head of state by an expanded parliament:

This system is in effect in Italy. In order to represent the minorities, three members elected by each regional assembly, and one member from Val d'Aoste, are added to the parliament composed of two houses. However, inasmuch as there are five regional units and Val d'Aoste sends only one representative, only 13 persons from outside the parliament participate in the election of the president of the republic. It cannot be supposed that these 13 delegates exert a very great influence in electing the head of state.

b) In Germany, in order to achieve a more non-partisan status for the head of state, a reduction in the deputies' influence has been sought. The Federal Assembly elects the head of state. This assembly is composed of members of the Bundestag (deputies) and representatives of the federal states (Laender) elected by their parliaments. The number of those from the Laenders is equal to the number of deputies.

c) The Constitution of Finland has /"second electors"/ do the electing, so as to make the head of state independent and to free him from the influence of parliament. This delegation meets to elect the head of state and is dissolved once its duty is finished. The people elect the members of the delegation.

d) A system resembling the one in Finland was in effect in France at the time the Fifth Republic Constitution was first adopted, and de Gaulle was elected head of state by a special delegation. The difference between this system and that in Finland is that while in Finland the delegation is formed by 302 electors, people elected solely in order to cast a vote for the president of the republic, in the French system the members of the delegation are previously-elected people. They are deputies, mayors, and members of municipal and regional assemblies. In 1958, the delegation that elected de Gaulle numbered 81,651.

The Course that Must Not be Selected

At any rate, the members of the Constitutional Committee and Consultative Assembly, after long deliberation, will decide upon one of the systems enumerated above. Each system has its good and bad aspects. We hope that the one most suitable to the structure of our country will be selected.

There is, in addition, a course not included in the above classifications which is not possible to make compatible with democracy: appoint a president of the republic by name in a temporary article of the Constitution and later, submitting the Constitution to a popular vote, legitimize this forced selection. We are certain that the members of the Consultative Assembly, respecting the national will, would not deviate to such a course which finds no counterpart in any democratic country in the world. Let the people, or parliament, or a delegation elect the head of state, but let it be a real election with more than one candidate in the race.

9962

CSO: 4654/340

RADICAL LIBERALS FAIL TO GET FUNDS CUT FOR DEFENSE PURPOSE

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 82 p 6

[Text] The Radical Liberal Party will not succeed in having funds transferred from the Information and Welfare Services of the Armed Forces to the Ministry of Education for which the party believed it had mustered the support of the majority of the Committee on Education of the Folketing before the Folketing went into recess last week.

The Radical Liberal Party had proposed that funds be transferred from the Information and Welfare Services of the Armed Forces to the Ministry of Education to ensure more versatile information on security policy matters, and the majority of the committee, consisting of Social Democrats, Radical Liberals and members of the Socialist People's Party, partly adopted the proposal in that the committee stated that means "ought to be" transferred to other information activity. The nonsocialist parties stated that if the recommendations of the committee were adopted, this would involve a breach of the defense agreement.

"But that will be out of the question," says the chairman of the committee which arranges the activities of the Information and Welfare Services of the Armed Forces, Knud Damgaard (Social Democrat), member of the Folketing and Civil Defense Commissioner. "Of course, funds may not be transferred from the Ministry of Defense when a defense agreement exists, but, on the other hand, the Information and Welfare Services of the Armed Forces, probably, will endeavor to provide a broader range of information and to add new aspects."

On 1 June, Knud Damgaard became chairman of the Information and Welfare Services of the Armed Forces when he replaced Edwin Boye Hansen, a former Social Democratic member of the Folketing. So far, the steering committee of the Information and Welfare Services of the Armed Forces has been composed of former members of the Folketing without a daily contact with Christiansborg [the Folketing], but that line has now been departed from.

The Social Democrats who in the Committee on Education voted in support of a transfer of funds from the Information and Welfare Services of the Armed Forces belong to the wing of the Social Democratic Party which is critical of the Armed Forces. Among them is the chairman of the committee, Helle Degn.

7262

CSO: 3106/130

MILITARY

FRANCE

BRIEFS

ASM CORVETTE CONSTRUCTION--In a very simple ceremony held 12 February 1982, the initial two prefabricated elements of the sixth C-70 ASM corvette of the "Georges Leygues" class were assembled at Laninon Dock 9 in Brest [Finistere Department]. [Text] [Paris LA NOUVELLE REVUE MARITIME in French May 82 p p 116] 2662

DISARMED SHIPS--In 1982 the following French naval craft will be disarmed: the two attack submarines "Marsouin" and "Argonaute"; the squadron escort vessel "Bouvet"; the coastal minesweepers "Lobelia," "Mimosa," and "Eglantine"; the patrol boat "Altair"; and the hydrographic vessel "Origny." The "Bouvet" was disarmed on 1 January 1982, its Tartar weapons system slated to be reinstalled on the first C-70 AA Corvette being built at the Lorient arsenal. The loading ramp assembly of the Tartar system, weighing some 59 tons, was unloaded on 25 January 1982. This especially tricky operation was a complete success. Following disassembly and packing, the system will be shipped to the United States for revamping and modernization by an American builder. It will then be returned to the weapons plant of the DCAN [Central Directorate for Naval Weapons and Shipbuilding] in Brest for reassembly and testing before installation on the new corvette. [Text] [Paris LA NOUVELLE REVUE MARITIME in French May 82 p 116] 2662

CSO: 3100/658

END